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# ***JPRS Report***

## **Latin America**

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# Latin America

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**FRG Grants DM146 Million Emergency Fund Loan**

33480126c La Paz: PRESENCIA in Spanish  
31 Mar 88 p 1

[Text] The Federal Republic of Germany will lend Bolivia DM146 million for the Social Emergency Fund and for the execution of various regional projects.

Foreign Minister Guillermo Bedregal and FRG Ambassador Hermann Sauweber signed the respective documents of a pact that provides for German cooperation in the economic stabilization programs.

During the intergovernmental negotiations that took place in 1987, the two countries laid the foundations for the agreements.

The cooperation will be broken down as follows:

- Social Emergency Fund: Up to DM15 million
- Rehabilitation of the Ravelo Canal: Up to DM9 million
- Santa Cruz Irrigation Program: Up to DM18 million
- Supply of water to La Paz-Cochabamba-Santa Cruz: Up to DM16.8 million
- "Public Sector" sectoral program: Up to DM25 million
- "Private Sector" sectoral program: Up to DM25 million
- Expansion of the "Altiplano/Valles" Project (PUNATA II): Up to DM5.2 million
- Mining Sector: Up to DM22.5 million

The government of the Federal Republic of Germany will make it possible for the Bolivian Government to obtain from the Credit Institute for Reconstruction (KFW) up to DM3 million in financing for the program "4th Fund for Studies and Experts."

The present agreement will also apply in case new loans of financial grants are extended in the future for carrying out or contributing to the above-mentioned projects.

The use of the funds and the terms for granting them will be set forth in the contracts to be signed between the KFW and the recipient of the loans and financial contributions.

The Bolivian entities and national institutions that receive the credit will be responsible for paying any taxes and duties.

**Cooperation**

The foreign minister stated that the funds will be a significant help in developing major productive sectors in Bolivia and in improving the living conditions of Bolivians.

"No nation can face this challenge in isolation. Moreover, the industrialized nations have an obligation to help this process along in the lesser developed countries," he said when he expressed appreciation for the German courtesy.

The German ambassador, for his part, contended that the country's image abroad, principally in Europe, is significant: "I can assure you that in Europe, and above all in Germany, Bolivia's image has hardly ever been as positive as this, and there is admiration for the efforts the current government is making to overcome the crisis it faces," he stated.

08926

**Labor Leader Lechin Enters Election Race**

33480126b Cochabamba LOS TIEMPOS in Spanish  
13 Mar 88 p B5

[Text] The creation of a New Patriotic Alternative (NAP) virtually led by Juan Lechin Oquendo is not an insignificant development if one considers that the former leader of the Bolivian Labor Federation (COB) will run in the 1989 presidential elections on the ticket of this new political party.

The NAP was formally constituted last week. Lechin is its figurehead, and he has gathered around him such politicians as Guillermo Aponte Burela, a nearly forgotten socialist leader who broke away from Marcelo Quiroga Santa Cruz in the 1960s.

In addition to Lechin, union leader Angel Zaballa also participated in putting together the NAP. Zaballa used to lead the bank workers, and was Lechin's strongman during the Democratic and Popular Unity (UDP) government. Zaballa is reportedly holding the same position now that oil leader Jose Justiniano held several years ago, that of the elderly Lechin's right-hand man. Justiniano served in that position back when the Revolutionary Party of the Nationalist Left (PRIN) was still alive, meeting at a table in the coffee shop of the Club La Paz.

During the last municipal elections, Juan Lechin Oquendo tried to forge an alliance with Movement leader Luis Sandoval Moron, the well-known political boss who consolidated the expropriation of the latifundios in eastern Bolivia during the first years of Agrarian Reform.

Although he had hoped to combine his own influence in the towns of the altiplano and the valleys with Sandoval's influence in the tropics, Lechin was not successful in forging that alliance. Luis Sandoval Moron, negotiating in Santa Cruz with other La Paz groups, joined an ephemeral "Patriotic Movement" and eventually strengthened his own group, the Movement of the National Left (MIN).

After participating initially in the formation of the Patriotic Alliance, however, and succeeding only in being excluded from the coalition that was ultimately controlled by the Bolivian Communist Party (PCB), the MIN ran in the December elections, alone and desolate. Thwarted in their attempt to enter into an alliance with Sandoval Moron, Lechin and his cohorts abstained from running a candidate in those municipal elections.

At present, Lechin has not wasted any time, but has hastened to form his own "political referent," the NAP. With this party, he hopes to get rid of his old image and shed the trappings of unionism, which clung to him when he led the defunct PRIN.

With the NAP, Lechin is projecting a line that is clearly intended to attract business sectors that have felt the brunt of the New Economic Policy implemented by their former correligionist Dr Paz Estenssoro.

In recent years, some private businessmen have expressed some affinity with Lechin as a leader, primarily because they are interested in his ability to influence the structures that have been dominant politically since 1952. Consequently, it appears that this new political organization will be a center of attraction during the upcoming electoral process.

In addition to business support, Lechin is not neglecting the participation of popular groups in his new project. Although Lechin has lost his magic charisma with the proletarian masses, today "relocated" from the mines, his discourse—and his experience in influencing government decisionmaking—did indeed win the support of the peasants involved in coca production.

08926

#### **MNR Deputy Defends Pact Against Banzer Criticism**

33480126a Santa Cruz EL MUNDO in Spanish  
27 Mar 88 p 1

[Text] La Paz, 26 March (ANF)—In the opinion of Javier Campero Paz, executive secretary of the Revolutionary Nationalist Movement (MNR) National Executive Committee, the Pact for Democracy has met the objectives laid down for it. Within this dialectic process, he says, it can be evaluated periodically by the signatories, the MNR and Nationalist Democratic Action (ADN), to ensure that its primary objective, preserving the democratic system in the country, is attained.

The MNR leader, who is a national deputy, made these statements in response to the message issued this week by former President Hugo Banzer Suarez. General Banzer Suarez, who is the chief of the ADN, stated that the Pact for Democracy is not progressing as it should, and that there are rebellious groups within the ruling party.

"I believe that Gen Banzer is right, to a certain extent, but I also think that there is a misinterpretation of the attitude of certain sectors within the Revolutionary Nationalist Movement," said Campero Paz.

"To begin with," he said, "the agreement for democracy arose out of a need felt by the MNR government. It is responsible for dealing with the crisis, but it has a minority in Congress. Therefore, it saw the need to structure a majority that would enable it to successfully carry out its popular mandate."

"At the same time," he went on, "in the Oriental bazaar that is social activity in this country, everyone wants something for his money. As Dr Paz Estenssoro says, it is a give-and-take situation."

He added that although the ADN allowed the MNR government to control hyperinflation, Gen Banzer's party benefited from the management of 55 percent of the country's productive businesses.

With regard to the fact that there is some opposition to the pact within the MNR, Campero Paz emphasized that this opposition is not malicious, but has been misinterpreted. It is just the result of the circumstance that the MNR activists have been persecuted the most by the government.

A large percentage of those who have been relocated are MNR supporters. Cells have been destroyed, and MNR teachers who obtained their public jobs on their own merits have now been removed so that members of other parties can take their place. Consequently, there are obviously complaints that the ADN and the Movement of the Revolutionary Left (MIR) have left no room for the MNR members, who naturally oppose the pact, emphasized the leader.

He also predicted that none of the political forces in the country that will compete in the 1989 elections will attain an absolute majority. At that time, then, it will also be necessary to forge a new Pact for Democracy among compatible forces so that a government with support can emerge.

With regard to the rebellious groups in the MNR, as mentioned by Banzer in his message, Campero Paz pointed out that we should not brand as rebellious those who question the very measures adopted by the government.

"We have questioned them, it is true," he said, "because questioning is part of democracy and part of the revolutionary concept we have in the MNR. My party is not verticalist; on the contrary, because it is a multiclass political force, everyone has the right to think differently."



He noted, however, that there has been and is no desire to reject the pact with the ADN. Moreover, because this is a dialectic process, it is evaluated periodically to make the necessary corrections and achieve the primary objective, which is to guarantee a democratic system in the country, Campero Paz concluded.

08926

**Energy Minister Predicts Growth of Oil Industry**  
33480126e La Paz PRESENCIA in Spanish  
1 Apr 88 p 6

[Text] The present and past development programs of the Bolivian Government Oil Deposits (YPFB) will assure the country of an additional 9,000 barrels of oil per day, at least through the end of the year. They will also yield proved reserves that will make possible the production of some 30,000 barrels per day through 1993.

This information was revealed by Minister of Energy and Hydrocarbons Fernando Illanes. He also mentioned the reserves in the area of Boomerang, where the oil field has already been developed and a pipeline is now being installed. In addition, the minister mentioned the discovery of a new field 10 km from the city of Santa Cruz, and the beginning of full-capacity operations at Vuelta Grande by the end of the year.

The minister indicated that the increase in prices for gasoline, liquefied gas, diesel, and other refined products made by the YPFB was imperative to ensure the execution of the state oil enterprise's exploration and development programs, and to prevent smuggling and speculation.

The minister participated in the television program "De Cerca" [Close-up], and discussed various aspects of the energy and hydrocarbons policy. He also talked about our country's petroleum reserves and the importance of this sector in terms of the financial situation of the General Treasury of the Nation.

**Investment and Development in Sector**

Illanes showed graphs illustrating the levels of investment in hydrocarbon prospecting and development in Bolivia, and indicated that not enough has been invested in the growth of this sector so that it can contribute to the nation. He stated that the amount allocated for this year, \$163.4 million, "while not as much as we should invest, is the highest figure in recent years. It represents an effort to make up for lost time."

He stressed that the ideal thing would be to drill some 60 wells in 1988, but the aforementioned investment will allow for just 20 exploratory wells and a few other development wells in the field. He believes that to date the country has explored just 20 percent of the land in its territory that has oil potential. He took the opportunity of this discussion to reiterate that if the YPFB does not

have sufficient revenues, "which is the result the new prices would have," and therefore is not able to carry out its programs, the entire country will be affected. He expressed his confidence that the planned investment will be carried out.

**More Flexible Hydrocarbons Law**

Minister Illanes reported that the World Bank and the Inter-American Development Bank think that Bolivia should add greater flexibility to the Hydrocarbons Law in order to attract more capital investment under the system of forming enterprises known as "jue venture" (ad hoc partnership).

When asked whether it is ethical and appropriate for the country to give foreign companies information about our petroleum reserves, which have been discovered thanks to the YPFB's investment and effort, he responded that Bolivia is not in a position to provide the venture capital needed for oil prospecting. The Arab countries are in such a position, he said, and we must seek ways of enhancing our attractiveness. He stated that he favors revealing confidential information, and he added that there are ways of restricting the use of such information. For example, contracts can be signed to oblige the foreign company to maintain the confidentiality of the reports. He said that after the data are compiled and interpreted using sophisticated methods, they will be returned to the state oil company. If positive results are obtained, bids will be solicited for developing these areas. "Naturally, the firm that conducted the studies will have an advantage, given its thorough familiarity with the documents that were entrusted to it."

Illanes indicated that in addition to engaging in oil exploration and prospecting, our country should reevaluate old oil fields where there may be deeper formations containing commercially viable hydrocarbon reserves. One such case has already been discovered, he noted.

08926

**Editorial Discusses Search for Oil Fields in Altiplano**

33480126d La Paz HOY in Spanish 29 Mar 88 p 2

[Text] Thanks to efforts by the state enterprise Bolivian Government Oil Deposits (YPFB), the exploration of the altiplano will begin before the end of the current government's term. The prospecting will be funded with \$45 million out of a total of \$126.6 million to be lent by the Inter-American Development Bank (IDB). This information has been revealed by the minister of planning, confirming a report from Caracas where the IDB annual meeting took place.

It is clear that the essence of an oil policy is the technically directed search for new deposits of hydrocarbons. The fact is, we have not clearly established how large our reserves are, either of gas or of crude oil. We

work on the basis of assumptions, not proven data. Upon learning the news reported here, we cannot but express our satisfaction, given that the government enterprise continues to be one of the mainstays of our economy. At the same time, this constitutes a promise to boost the entity's growth, which is tantamount to expanding the possibilities for reactivation.

This is not the first time anyone has prospected for hydrocarbons in the altiplano region. It is not merely a matter of conjecture; there are signs that in some areas oil-bearing sandstone will very likely be found, constituting major reserves. A distinguished Argentine general, the father of his country's Government Oil Deposits (YPF), commented on the possibility of stepping up drilling for oil and gas in Bolivia: "The golden eggs are in Argentina; the goose is in Bolivia." This graphically describes what appears to be the situation. Throughout the southern and eastern regions of the country, new wells that produce not only oil but also gas are constantly being discovered.

Bolivia already has a modest petroleum and gas industry; but if prospecting is activated and yields highly promising geophysical data, then naturally they will be confirmed, proven, and acted upon with the corresponding outlays so that we can intensify our efforts and achieve success. That is why we feel that the investment in investigating and precisely locating new wells is part of an action that the country must take, and hopefully will take.

If we take steps to obtain the necessary capital, we can activate an industry that will not only make us self-sufficient in crude oil, with the corresponding refining, but will also provide us with enough gas to sell and turn into petrochemical products. This action will also help open up the possibility of exports of gasoline and oils, thus enabling us to improve our balance of trade and balance of payments. To be sure, it will also enable us to pay the debts we incur in promoting further efforts to obtain revenues in this sector.

Given that the declining prices of our mineral raw materials have thrown us into a recession, the activation and stimulation of gas and oil production will be the best possible response to our slackening growth and feeble GDP indices. The rest, to paraphrase the Bible, will follow as a matter of course. And if in addition to this policy we also pursue prospecting in the anticlines of the Cordillera Oriental, where the Shell Oil Company has already done some work, we can hope for even greater success, not only in the altiplano but also in districts of La Paz, Beni, and Cochabamba in the eastern regions that abut upon the mountain massifs.

These actions are promoted through credit. Stimulus could also be provided for the system of investments or operating contracts with companies that are willing to obey national legislation.

08926

**INPI Study on Decline in Investments, Imports in Technology**

33420085 Sao Paulo EXAME in Portuguese  
9 Mar 88 pp 31-33

[Text] Its position as the eighth largest economic power in the world has not prevented Brazil from being overtaken by competitors of more modest economic ranking. In a race that favors the large investors in technology, South Korea, Singapore, Hong Kong, China and even Mexico, Venezuela and Argentina are already threatening the importance and influence of Brazil in the world economy. The warning is not new—who does not invest in technology and does not improve productivity and the quality of his product, runs the risk of losing markets and money. But this time it comes replete with numbers and comparisons, thanks to the persistence of Domingos Rodrigues, consultant to the presidency of the National Institute of Industrial Property (INPI), who is the author of an alarming study of the decline in investment and imports in the area of technology.

The study has just been published, and although its conclusions were not unexpected, its importance is assured by the measure it gives of the gigantic dimensions of the problem. In statistical demonstrations, Domingos Rodrigues concluded, for example, that imports of technology fell from \$321 million in 1980 to \$180 million last year. INPI has some explanations for this fall: the reduction in the rate of investment, the country's foreign exchange problems, and the consequent rigidity in the control of imports, the reduction in the profit margins of companies in recent years and, finally, a lack of awareness of the importance of investment in technology.

**Cumulative Effect**

With a battery of calculations and comparisons, the INPI study also shows that the economic growth rate of the country itself, only 3.1 percent between 1973 and 1986, reflects the gravity of the situation. In the same period China grew 5.9 percent; Hong Kong, 6.1 percent; Singapore, 6.2 percent; and South Korea, 5.5 percent. The effect of "disinvestment" also appears in Brazil's decreasing participation in world trade; according to figures recently published in the United States, in 1986 the North Americans had 9 percent of the world market; Japan, 8 percent; Formosa, 1.84 percent; South Korea, 1.8 percent; Hong Kong, 1.6 percent; China, 1.5 percent; and Brazil, 1.1 percent.

In a vicious circle, the continuous and gradual fall in investment is creating bottlenecks in the economy of the nation and, especially, in its effort to promote technological advance. "The resulting technological lag could be felt even during the Cruzado Plan, when the productive capacity of the country was drained as rapidly

perhaps as the growth of demand," observes Fabio Celso Guimaraes, president of the Fund for Studies and Projects (Finep) of the Ministry of Science and Technology.

**Business Elite**

More than just analyzing the past, the INPI study attempts, by means of numbers, to warn of future consequences. Some long-term concerns become even more apparent when it is noted that in 1984 Brazil applied only .7 percent of its GDP to investment in research and development, while in England the percentage was 2.6 percent; in Germany, 3.2 percent; in Japan, 2.87 percent; in the United States, 2.9 percent; and in France, 2.2 percent.

Domingos Rodrigues points out, however, that the technological leg is less evident in the large economic groups, principally among the multinationals. "Today," he says, "there is a business elite capable of competing in the large foreign markets, and the auto parts sector is an example." According to Rodrigues, this business elite did not cease to invest in technology in recent years, even during the recession with decreased profits and restricted importation.

The contrary is illustrated by Metal Leve, one of the more exemplary models of devotion to technology. Investing 2.4 percent of its income in research—a very high rate for Brazil—the company began with import substitution and is today preparing to install a technology center in the United States, at the University of Michigan in Ann Arbor. "We want to be closer to the market," says Duraid Mahrus, assistant director of research and development. "The majority of our competitors are headquartered in Europe and the United States, and furthermore we will be near other centers of research and development," he adds.

This will be the second research center for Metal Leve—the first, established 10 years ago in Brazil, consumed \$60 million and produced a return that has no price. As one of the world's largest producers of bronze bearings and pistons for the automobile industry, Metal Leve takes pride in, among other achievements, placing 40 percent of its production in foreign markets, directly or indirectly.

**Flag and Shield**

Because of companies like Metal Leve, Brazil in less than 1 year emerged from a position of deficit in its trade balance at the end of 1986 to a surplus of \$11 billion last year. This was not, however, the result of a joint effort by private initiative. The author of the INPI study reminds us that out of 6,000 exporting firms, only 100, the largest, account for 50 percent of the nation's exports, and these are the large groups that seek technological modernization to maintain their positions in Brazil and abroad and produce the most return from exports.



Domingos Rodrigues estimates that only 50 to 100 Brazilian firms are today able to compete in world markets against competitors from developed countries. "Here," he says, "companies sit back and hope for government budgetary appropriations, which leads us to contend that almost all Brazilian firms do not invest—or invest little—in technology."

As to the effect of the protective hand of government, the most evident example is the computer industry. There are those who use the reserved market as a flag and those who use it as a shield, as representatives of the industry admit. That is to say, there are firms that take advantage of this protection to develop their own technology and to progress, and there are also those that go along, surviving because of the absence of competition.

Microtec Sistemas of Sao Paulo proudly includes itself in the first group. More than 10 percent of its 350 employees are occupied in the research and development area. The basic concern of this company, which was born out of the market protection regime, is to fortify itself against the constant threat that the law might be repealed. "How? With product and manufacturing technology," states Arthur Cezar Falcao, administrative and financial director of the company. "Those who don't invest," he adds, "tend to disappear, because this is a highly competitive market." This year Microtec is going to invest \$3 million, of which \$864,000 will go directly to the Department of Research and Development.

#### Injection of Resources

Microtec invests basically with its own resources, although last year it did benefit from a line of credit extended by Finep to 15 companies in the sector to pay 6 months' salaries to their employees in the research area. Each company received 20,000 OTN's [National Treasury Obligation units] in two installments, through the Brazilian Association of Computers and Accessories (Abicom), which at the time was worried about the

effects of the economic crisis on companies in the industry. "It isn't easy to get financing," Falcao observes, "in spite of the good will of the officers of the institutions that extend it. The weight of bureaucracy is greater."

#### Economic Growth Depends on Technological Advance

The INPI study clearly shows that the companies cannot lose sight of their basic function as the main focus for development of technological research. "In the developed countries," Domingos Rodrigues reminds us, "the force for progress in research and development is centered in private enterprise."

In the Brazilian case, this is the necessary way out, especially because the government, besieged by a degrading public deficit and a total lack of resources for investment, does not seem to be able to find answers to change the picture. (Not only was a mere 0.7 percent of GDP devoted to research and development investment, but the importation relationship to GDP fell from an average of 0.3 percent in the period 1970/75 to 0.1 percent in the last 10 years.)

The consequences of this panorama for Brazilian industry are dramatic, according to the INPI study. "In the present state of the world economy," Domingos Rodrigues observes, "only those countries that are competitive in the international market have the capability of sustaining higher than average growth rates." And that, as everyone knows, comes from the productivity of capital, labor and, above all, technology.

By INPI calculations, to update its technology, even to maintain it below the stage reached by the developed countries, Brazil will need to invest in 1988 an amount in the order of \$3 billion. And in the period 1988/2000, another \$74 billion—an almost unimaginable average of \$6 billion a year.

12942/08309

# **SOFOFA Head on Business Response to Plebiscite Vote**

33480118a Santiago HOY in Spanish  
4-10 Apr 88 pp 22-24

[Interview with Fernando Aguero, president of the Industrial Development Association (SOFOFA), by Manuel Delano; date and place not given; first four paragraphs are introduction]

[Text] The employer associations have taken this year of the plebiscite very seriously. Dialogue with political parties and labor unions, which was simply not to be found several years ago, is frequent today. Noting that there may be sweeping political changes, businessmen are coming together to defend what to them is the essence of this regime: its economic model. And their ambition is future stability, regardless of the outcome of the vote.

In taking this stand, SOFOFA has regained its leadership in big business. Fernando Aguero (46, married, six children), the president of the association, is one of the sparkplugs of this movement. Concerned about how things turn out politically, Aguero said in an interview with HOY that "in good part" businessmen agree with the conditions set by the Catholic Church for the plebiscite to be valid. He asserts that the employer associations are not going to take an active position for "yes" or "no," but if there are serious irregularities, "we would join the protest."

Aguero's fear is that political violence or situations such as the "sad spectacle" that the Right has offered may hurt production. SOFOFA's uneasiness also extends to labor relations. Aguero thinks that the minimum wage could be increased to 18,000 pesos, agrees with some of the points in the demands submitted by the National Command of Workers (CNT) and is willing to take a look at modifications to the Labor Plan along with the labor unions. SOFOFA unquestionably values the calm inside companies more during this period than in previous ones.

Aguero, a civil engineer whose first job was in SOFOFA, has been a businessman since 1978. During the crisis, Printer, the firm in which he was a shareholder, "did not go bankrupt but came very close." He now sees things as better, although he criticizes the changes that were made in the ground rules in January. A director in three companies, he was calm during the interview and declined to answer just one question.

[Question] How are you going to vote in the plebiscite?

[Answer] I'm not going to answer that question as long as I am president of SOFOFA.

[Question] But most businessmen are aligned with the regime.

[Answer] Businessmen, almost without exception, are more and more in favor of the fullest possible workings of a social marketplace economy. This was not always so. Business strongly resisted many of the elements of this policy at the outset. We can now see a change, an extraordinary degree of support for this policy. As the "yes" and "no" are glimpsed as equivalent to different socioeconomic systems, the majority of businessmen tend to identify with the alternative that means maintaining the economic model.

[Question] And what about the businessmen who have gone further and chaired civic committees for a "yes" vote?

[Answer] They have done so completely outside the employer associations. I read about them in the papers after they were formed. I respect their right as citizens to do so, and they have been careful not to mention their relationship with the association, nor to turn to it for anything. If they did so, we would have to close the door on them in this regard, because we are not going to take an active stand on the "yes" or "no" vote.

[Question] What do you think of the conditions that the Catholic Church has set for the plebiscite to be valid?

[Answer] The employer associations that belong to the Confederation of Production and Commerce issued a pronouncement in January, and it embodies many of the suggestions made by the Catholic Church. As many people as possible must take part in the plebiscite, and we are asking businessmen to provide facilities for voter registration. We also feel that all sectors must have an equal opportunity to make their views known, including through the mass media...

[Question] And what about the prevailing states of emergency?

[Answer] I don't think that the government has a free hand in controlling this factor. If we see a situation of calm and peace in the country, we are all going to push for an end to any state of emergency. But if terrorist acts or attacks on capital goods continue, no matter how much we proclaim that the ideal is to have a long period leading up to the plebiscite without states of emergency, this is utopian. We want conditions to be created so that the plebiscite can be held without any state of emergency being in force.

[Question] If there are serious irregularities on the day of the vote, will SOFOFA consider the outcome valid?

[Answer] If there are serious irregularities, we will join in protesting them without any doubt whatsoever.

[Question] Will there be future stability if the yes vote wins?

[Answer] I think that there will be stability in either case. Let's engage in a little bit of science fiction. First scenario: the yes vote wins. On the home front I imagine that a lot of people will be displeased, complaining angrily and agitatedly at first. But if the victory comes without obvious irregularities, the outcome is going to be accepted very quickly by the citizenry. In 20 or 30 days the country would be back to normal and looking toward the congressional elections.

Things would be different outside of Chile. It would be very hard for European governments and for the U.S. Government to normalize their relations with Chile in the event that the yes vote triumphs, and they would take many long months to do so. This is because most of those countries are one-hundred percent sure that the outcome will be "no" because they have poor information. A "yes" outcome would be completely unexpected for them.

[Question] If the no vote wins, the result will be quickly acknowledged by the international community.

[Answer] There could be difficulties in the scenario of a no victory. But as in the other case, in 2 or 3 weeks people will wind up accepting the outcome, and everything will focus on the next elections. There would be no problem, of course, in the rest of the world.

[Question] Do you see another possibility?

[Answer] There is another alternative. If the yes vote wins with a candidate other than President Pinochet. The reaction of the rest of the world in that case would be the same as if the no vote won; they will accept it right away.

[Question] Do you still think there could be a different candidate?

[Answer] Well, they haven't named him yet. Until they name him, I think that there could be a different candidate.

[Question] Would you have preferred free elections to a plebiscite?

[Answer] If we go back to before the constitution was enacted, then I might have preferred free elections in 1988 instead of a plebiscite. But once the constitution was approved, under the terms that it was, it is definitely worse now, especially at this juncture, to question the process that the constitution provides for.

[Question] What do you think of the opposition's stand in calling for presidential elections as soon as possible in the event of a victory?

[Answer] If the constitutional reform had to do exclusively with the time period for holding the presidential election, I think it would be fine. But I doubt that the

reform will deal only with that point. I do not believe, as the opposition parties do, that a victory of the no vote will make the country ungovernable and force the election to be moved forward. After the plebiscite the concern is going to be electoral. It is true that in that case there would be a caretaker government, but that's also the way it happened in the past with other governments.

[Question] Has SOFOFA opened the door to talks with the entire spectrum of parties?

[Answer] Yes, we have. We have met with all of them, above all recently, owing to the disclosure of the various socioeconomic programs. But we have primarily discussed aspects of economic policy, and constitutional and institutional matters very little.

[Question] Do you fear that the political climate will hurt production severely?

[Answer] Political uncertainty as such does not have to hurt, but the actions that may stem from the plebiscite can. And that worries me a great deal. In March we lost many production hours because of the power outages. I see goods being destroyed. Escalating violence would hurt output. We have told all parties, and even the government, that the situation must be handled with care, to prevent this from turning into a major national row, in which the workers and businessmen would be hurt.

[Question] But the only explanation for the recent rise in the parallel dollar and the fall in the stock market is political uncertainty, not the economic situation.

[Answer] I agree completely. None of the companies in the stock market have had anything happen to them between 15 February and 15 March that would justify a fall in their share prices. Perhaps stock market prices have recovered too quickly since the crash in late October. People may have realized that prices are high.

But there are other things. A fuller awareness of the alternative government programs, which in economic policy mean a step backward in the judgment of investors and many businessmen. They could see this as eventually harming their businesses. There is also the sad spectacle that distinguished rightist politicians have offered in recent times, and they are the ones with whom investors and businessmen could have the greatest affinity. The rise in the dollar is a reaction to the fall in the stock market, because the money has to go somewhere.

[Question] If they continue, such developments could eventually cause serious problems...

[Answer] Of course. For example, the "show" that certain politicians have put on is part of the row that could start. If such ill-advised actions, such striking differences of opinion between leaders, begin to be noted in all parties, that is going to affect expectations above all.



[Question] What is your assessment of the January package of measures, which SOFOFA criticized as a change in the ground rules?

[Answer] My assessment is a bad one! In January we saw that the cut in tariffs with a 4 percent devaluation is justified only if the devaluation is continued for at least 18 months. If it is not, it entails another adjustment for the industrial sector, because the level of protection with which it has to operate declines at the same rate as the tariffs decline.

Regrettably, events proved us right in a few short weeks. The real exchange rate that was set at the time of the devaluation has fallen by 3 percent. Almost the entire effect of the devaluation has vanished, and only the lowest tariff remains. This is not good, because we are running the risk that many companies will not be able to meet the competition of imported goods, with harm to output and jobs.

According to the government, the exchange-rate situation is temporary. We will wait until mid- or late-April at the most. If the real exchange rate has not recovered by then, we are going to have to make very specific suggestions for raising it. If this does not work, we will be forced to call for a reestablishment of the 20 percent tariff.

[Question] Can a family live off 9,946 pesos, the minimum monthly liquid income?

[Answer] No. No one can live off that income. But a family's total income is substantially higher. On the average, more than one person per family works, and the liquid income is not the same as what a person receives: there are allowances for commuting, meals and the family, production bonuses, contract pay for national holidays and new year's, profit bonuses.

[Question] What do you think that the minimum income should be?

[Answer] I have no opinion on that. As long as there are still untrained people and youths who have a very hard time getting jobs, the minimum income should be whatever results from the wage at which companies are interested in hiring them. If we leave aside the companies in the gray area, the real minimum income is around 18,000 pesos in the industrial area. We have no objection to a legal minimum income of that order. In our sector it wouldn't cause any pay increases, though it would in others.

[Question] What do you think of the petition that the CNT [National Workers Command] submitted to the government and to SOFOFA, calling for higher wages?

[Answer] We are studying it. Some aspects seem inordinate to me. Others do not, such as the allowances for meals and commuting. I don't agree with the amount

they're requesting for commuting, but oddly enough, I think that the meals allowance ought to be higher than what they want. As for a legally established minimum wage of 26,000 pesos, it's excessive. It would adversely affect hiring in many companies.

[Question] How have SOFOFA's talks with the CNT been?

[Answer] Very cordial. Although the issues in the Labor Plan have not been brought up (and with very good reason because these are provisions on which we do not legislate), we are in full agreement, first of all, with their strong concern over management's attitude towards the establishment of the union. The CNT feels that many businessmen have a very negative attitude about the possible formation of unions and attributes to this the low degree of unionization that in their judgment exists in Chile. We are doing a very in-depth study to find out what could be causing certain businessmen to oppose the formation of unions, aside from ignorance and memories of the past. I wouldn't be surprised if a lack of familiarity with existing legislation is involved in this attitude...

[Question] Are there other points of agreement?

[Answer] They raised the problem of mistreatment of male and female workers in some companies. Manuel Bustos, the president of the CNT, clarified very specifically that this involves small and medium companies that have recently started up and that are not members of SOFOFA. There are other companies in which work-hour abuses have been observed. After listening to what Bustos had to say, all of us SOFOFA leaders who were there were as angry as he was. He agreed to submit specific cases. I have no objection to talking with any businessman, even if I have to do it in a foreign language, to make him understand that in Chile no one has the right to mistreat anyone else.

[Question] Would you be willing to discuss reforms of the Labor Plan with the workers?

[Answer] To look into modifications of the Labor Plan, of course. Not to reform it, because that's the government's job. The only point on which we cannot come to terms is negotiations on pay by sector.

[Question] But that's the union's main demand.

[Answer] It's the main demand of the worker's top-echelon organizations. But the leaders of the rank and file, of the half million workers who are negotiating and who have gained a great deal of power through negotiations, are not interested in yielding power to a higher echelon. The only reason why the top echelons see this as so decisive is that they want more power. I would be a czar if I could negotiate all pay contracts from management's standpoint in industry. SOFOFA really would be



powerful in that case. Moreover, compulsory union and employer-association membership, with which we do not agree either, is almost indispensable for this negotiation.

[Question] Is an understanding with the workers possible under a democracy?

[Answer] Of course. And under the current regime too. There are two requirements for an understanding: it must not encompass pay policy, in other words, company-level negotiations, and it must be bipartite, between labor and management, without the involvement of the government. And I am saying this now, when there is a government that is more inclined towards management. We can work on everything else.

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### **Life in Rural Shantytowns Detailed**

33480118b Santiago ANALISIS in Spanish  
14-20 Mar 88 pp 20-21

[Article by Myriam Pinto: "The New Shantytown Dwellers"]

[Text] After they were stripped of their lands and homes by Decree Law 2,247 of June 1978, which legalized the return of expropriated areas (a bit more than 3 million hectares), the peasant families that make up the group of former Agrarian Reform settlers decided to resolve their own urgent living-space problem on their own. Practically abandoned to their fate, they have quietly and spontaneously taken over sites that used to be earmarked for animal pens, warehouses and livestock pastureland.

The families have also settled on the banks of canals and rivers and even on hillsides, almost creating their own space.

Their violent eviction from the settlements as a result of the decree that authorized it has been compounded by the economic war that has been waged in the countryside by cold, faceless and impersonal bosses who allow themselves to be seen only through the 1,800 packing companies that have arisen in recent years all over the fruit-growing zone, and together they have turned these peasant groups into veritable "disadvantaged shantytown dwellers." They survive as best they can in slums that have risen up in the heart of the countryside, where the hovels seem to vie with each other for space, contrasting with the vast tracts of land that they see before them.

A further irony is the ultimate disposition of the former settlements and the fate of their inhabitants, who during the days of Popular Unity gave rise to the active organization called "Agrarian Reform Centers." Over the years these lands have returned to their former owners,

although many were transferred to the beneficiaries, who when they were unable to pay back their bank loans were forced to sell off their parcels at dirt-cheap prices.

Behind the idle and abandoned "charming parcels" that offer such a sad spectacle in the countryside are hidden hundreds and hundreds of families, who without anywhere to go have settled in the burgeoning slums.

The former settlers in the Bellavista sector near San Vicente de Tagua-Tagua in the Sixth Region, have gradually regularized their land-tenure status. After being evicted, they settled on the 140 hectares that were providentially left behind for the muleteers who come down from the hills to graze their animals. Distributed over 54 subdivisions, many of these families today have title deeds.

This has not been the case with the families belonging to the former "Salvador Allende" settlement, located between the towns of El Monte and Melipilla, which was home to 85 families over 3,000 residential hectares and 500 irrigated hectares. Perhaps the two experiences are not comparable. In fact, Bellavista has been supported for years by a nongovernmental peasant-development institution.

The families of the former "Salvador Allende" settlement are scattered over three sectors: Chinigue Las Rosas, Chinigue El Cristo and Chinigue Los Kilos. The latter two have turned into poverty-stricken slums. They are located far into the El Monte countryside, and the town council plans to eradicate them, the women from the El Cristo camp have reported.

But such promises from the town council merely make the families uneasy. They are well aware that heads of family will not find jobs in El Monte, unless they turn to the minimum-employment programs.

### **Shantytown Dwellers or Peasants?**

The new realities that have emerged in the countryside are causing a series of changes mainly in the way of life, plunging the affected families into major identity crises from which not even the very young can escape.

They no longer know whether they are peasants or shantytown dwellers. They live in the countryside but do not live like peasants. Nor do they have access to land. When they manage to land jobs in the packing plants, the work ranges from making fruit crates to cleaning the fruit and attaching labels. "We feel like fish out of water," they complain.

Uncertainty is the dominant feeling among these new social groups. They suffer the same anguish and instability as the shantytown dwellers in the city. Nothing is certain to them anymore.

The changes that they have been subjected to have forced them to adapt to circumstances. New habits and new roles are everywhere to be seen. The women and children now go off to work, wherever they can, just to survive.

The problems of these groups come on top of the problems of the urban shantytown dwellers. Resolving them hinges on the right to work, to housing, to health care...although there is one difference between these two like groups: the peasants know how to work and grow food on what is less and less their promised land.

#### Case Histories

"The boss kicked us out." "Other owners snatched the parcels from us." Most of the people we interviewed agree with these assertions. They do not understand decrees or returns or transfers. The families in the Chinigüe El Cristo and Chinigüe Los Kilos camps only know that they need a place to live.

They also know that in winter the canals and rivers "get into their hovels," that there is no work and that they therefore have to travel like "nomads" between one zone and another.

Moreover, they have to walk long kilometers to get to the rural post offices and to the stores from which they have to buy the vegetables that they themselves used to harvest.

Since they have erected their hovels as best they could no more than 10 meters apart, there is not enough room to grow vegetables or to raise chickens. Four or five families have to share an outhouse (cesspool). These groups have very little experience with living at close quarters, given the distances and isolation to which they were accustomed, and such overcrowding makes harmonious coexistence and organization difficult.

Dona Maria, a woman from the El Cristo camp, has four children, one of them in the hospital in Melipilla; they live in a two-room wooden dwelling. In one she has placed the beds and in the other a table, the chairs and the kitchen. "Everything is piled up around me here," she says, recalling the old peasant dwellings in which one whole room was devoted to the kitchen.

Dona Rosario and Dona Justina, both from Chinigüe Las Rosas, live on the banks of the canal. They relate how after the winter storms flooded the entire area, the survey-takers and social workers from the town council arrived and later tossed them a bag with food and a couple of blankets.

Another figure in the Chinigüe Las Rosas sector is Hernan Hemac, who bought a parcel but today drives a cab. "I exchanged the desert and the blue sea for the green fields," he says. Hemac was fired from the Port Enterprise of Chile (EMPORCHI). He arrived with children, overalls and suitcases from Antofagasta.

#### "Unmasking the Tragedy"

There are unexpected arrivals in the rural camps as well, and the "slums" often turn into "crash pads."

Sick and tired of all this exploitation, the youngest members of the Chinigüe Los Kilos sector have begun to rebuild the organization. Not long ago they established an independent union, the first attempt to do so since the dismantling of the local labor union organizations after the military coup.

"We want to unmask the landed multimillionaires...Our poverty is all the result of the wealth of bosses who we do not know and who treat us like animals...We have become today's slaves, earning miserable wages or unemployed, and kept away from the land," say Jose Santo Diaz and Norberto Manzo, youthful members of the union. Their ambition is to work the land again. To them the Agrarian Reform is still alive as a social political project for rural development.

#### Faded Dream?

Oscar Valladares, the vice president of the Worker-Peasant Unity Confederation (UOC) and a former leader in the "Salvador Allende" settlement between Melipilla and El Monte, relates that in the sector in which the El Cristo shantytown now sits, the Agrarian Reform Center was planning to build a large machine shop to meet local machinery requirements.

He feels that resolving the complex problems that have recently arisen in rural society depends first on reversing the political variables and then the economic ones. "The problem is political and, in practice, becomes social," says Valladares, who was previously a tenant farmer in and then the president of the Agrarian Reform Center in the aforementioned settlement.

"The socioeconomic conditions and relations in the countryside have changed a great deal. There are new formulas for capitalization and transnationalization. It all has to be looked into," he says, reaffirming that the Agrarian Reform project is just as current and urgent today as yesterday, only that first both the political and economic situations have to be reversed.

Referring to the identity problem, Valladares indicates that right now the peasant wage-earners do not really feel like peasants. This is because they cannot get their hopes up about returning to the land.

**Israel To Negotiate Petroleum Contract**  
33480122b Bogota EL TIEMPO in Spanish  
6 Apr 88 p 8A

[Text] Colombia will export oil to the Middle East. Next week Israel will begin a series of negotiations with the country's energy authorities to purchase Colombian crude oil.

In addition, talks will get under way to increase the amount of coal that Colombia exports to that country under an accord signed by the two governments.

Israel, which is not an oil-producer, has trouble buying it from neighboring countries because of the political and economic conflicts that are going on in the region.

The negotiations will start next Monday when Energy and Infrastructure Minister Moshe Shahal arrives in Colombia. Israel currently buys oil from Mexico, but it intends to further expand its trade with Colombia.

"If we take considerable amounts of coal, why can't we import crude oil," said a spokesman of the Israeli Embassy in Bogota. This project is not new, because thought has been given to oil exports to Israel since the rich Cano Limon deposits were discovered.

Although neither the embassy nor the Ministry of Mines and Energy were more specific about the amount that the two countries plan to negotiate, it was indicated that "the outlook for reaching a major accord is excellent."

As far as coal is concerned, the aim is to increase by at least 500,000 tons the 2-million ton accord currently in force, through which Israel planned to meet its demand for the 1987-1991 period.

The coal is used primarily to generate electricity and run industrial plants.

The delegation from the Republic of Israel, headed by Moshe Shahal, will meet with the ministers of mines and development, the presidents of ECOPETROL [Colombian Petroleum Enterprise] and CARBOCOL [Colombian Coal, Inc] and the director of INCOMEX [Foreign Trade Institute].

There will also be an audience with President Barco. During their talks they will review the current status of trade between the two nations.

Moreover, the government has voiced optimism about the international coal market, anticipating that this year, like 1987, will be good for coal sales.

The projection is based on steady world consumption and the aggressive marketing policy that has been pursued since the previous contract.

According to CARBOCOL reports, 1987 saw the consolidation of the 20-company network of international agents that handles the different markets in Europe, North America, South America and the Far East.

Colombia has won major markets such as Denmark, the United States, Italy, Sweden, Ireland, Holland, Norway, Greece, Israel, Finland, Spain and Brazil.

This year Colombia will sell Brazil 420,000 tons of coal, 300,000 under the protocol signed last February by Presidents Barco and Sarney.

As the president of CARBOCOL, Oscar Mejia Vallejo, remarked recently, the country will have no problem meeting its commitments, because, in spite of the decline caused by the labor conflict, production is already completely back to normal.

Last year Colombia managed to place 8.3 million tons of coal on world markets, 4.6 million of it under CARBOCOL contracts.

The El Cerrejon project met 5.5 percent of the worldwide demand for heating coal. Colombia posted a 2.7-million ton rise in coal exports.

The final export balance sheet shows that Europe bought 3,186,000 tons directly from CARBOCOL, the Far East 475,000, North America 499,000 and Latin America 442,000.

The remaining half of the sales were by Intercor. The sales commitments for this year already total 6,407,000 tons, distributed among Europe, the Americas and the Far East.

The sales commitments for 1989 total 4,570,000 tons and 2,750,000 tons for 1990.

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**Pros, Cons of Dialogue With Guerrillas Discussed**

**Military Leader Opposes Dialogue**  
56002030z Bogota EL TIEMPO in Spanish  
3 Apr 88 p 9A

[Text] The commander of the military forces, Gen Manuel Jaime Guerrero Paz, has urged that the country adopt an attitude of "courage and not dialogue" with regard to the guerrilla groups.

He also stated that, "Negotiating with the drug traffickers would mean a lack of ethics and good sense."

This high military commander warned that the actions of the groups which have taken up arms will be overcome "with courage and not with dialogue, because this mechanism has demonstrably led to unprofitable results."



In statements made to RCN, Guerrero Paz said that "The moral principles which have prevailed in Colombia do not allow dialogue with certain groups, because they have really placed themselves beyond the bounds of any moral concept.

"I believe that dialogue is not the path to a solution to this problem. In reality, we must face it decisively, courageously and enthusiastically in order to ward off this threat," he maintained.

He emphasized that the country needs, initially, respect for the dignity of man, if the nation, whose values have been trampled underfoot, is to emerge from the abyss.

"Dialogue with the guerrillas has not been fruitful. It is not that I am an enemy of dialogue. I favor dialogue, but only when it is frank and sincere. We have witnessed the fact, in particular, that such dialogue with the guerrillas has not led to any favorable solution for the country," he stressed.

In his opinion, these dialogues have been characterized by a lack of seriousness. "While there is talk of a truce, a cease-fire and other ideas brought in on these occasions, we see that the humble peasants are continuing to lose their lives, and ambushes are continuing, as are extortion, kidnappings, and the commission of all sorts of crimes."

General Guerrero Paz also categorically excluded the possibility of any dialogue with the drug traffickers. "How could a drug trafficker sit down in sincerity to engage in dialogue?"

"In addition," he added, "what official who remains ethical, who sustains basic principles, can sit down at the table for dialogue with those who are responsible for one of the worst evils which has ever plagued the country?"

In conclusion, he expressed regret at the insensitivity of the citizenry to the death of their compatriots, be they humble peasants, workers, policemen or soldiers.

"We cannot simply list the individuals who have fallen victim to the bullets of the subversives and the drug traffickers. At the moment these things happen, we protest and adopt an angry position rejecting such proceedings. But unfortunately, as the days pass, we begin to forget those fellow citizens who have given everything in the search for peace and freedom, many of them in the flower of their youth."

#### **UP Member Favors Truce, Dialogue**

56002030z Bogota EL TIEMPO in Spanish  
20 Mar 88 pp 1B, 4B

[Interview with Patriotic Union leader Carlos Romero by Plinio Apuleyo Mendoza; date and place not given]

[Excerpts] Carlos Romero, the Patriotic Union leader, has been a Marxist-Leninist since his adolescence. Born in Santa Marta, and with more than 30 years' membership in the left wing, he was reelected as council member in Bogota last Sunday, thanks to the votes of this political party.

As a part of a series entitled "The National Crisis and Its Solutions" which we have sponsored through forums and interviews in the pages of our Sunday edition, we sought his views about the groups which have taken up arms, and, in general, concerning the problems of peace. We felt these views would be representative of this new political sector represented by the Patriotic Union today.

[Question] You speak of the filthy war, not just war. This filthy war exists. Who, in your view, is behind it?

[Answer] The paramilitary groups. On the one hand, it seems to me that they are interested in a kind of preventive war which would eliminate the individuals who might play a decisive role in the period of change. But behind them, there are also the political bosses of the traditional parties, who are resisting the loss of their political space. And, finally, there are those whom we call the "narcomilitary groups," that is to say those hired by estate owners who have the support of some elements in the Armed Forces.

[Question] But in addition to these so-called paramilitary groups, there are throughout the country armed groups which kill and kidnap and, in their own way, are also waging a filthy war. Why do you speak only in terms of a filthy war with regard to the former, and not the latter?

[Answer] Well, if we want to make an objective statement, we must say first of all that there is a filthy war, and secondly, that there are some armed clashes between the guerrilla movements and the Army, and they are multiplying at this time.

[Question] They are multiplying to the point that many Colombians speak of a virtual war situation. Do you agree that such a war, pure and simple, exists?

[Answer] One cannot speak of a generalized war. In a thousand municipalities in the country last Sunday, popular elections for mayors were held. With a generalized war, this would not have been possible.

[Question] It is said that you are encouraging fear of a generalized war in order to conceal the reality—that there already is a serious subversive campaign pervading the country. What can you say about this?

[Answer] It is not the same thing. A generalized war would mean actions on each of the fronts of the armed movement and at the military posts maintained by the Army. This is not happening.

[Question] The majority of the FARC fronts, the high military command says, are active. This would make 30 active fronts, while officially there is an FARC truce. Isn't this contradictory?



[Answer] Well, I believe that not even a fourth of these fronts are active. But this is not the problem. It is not a question of knowing how many fronts are active, but of establishing whether Colombia really believes that war is inevitable, or if the majority of the people do not want the war. I believe the latter is the case. There is time to block the war. There is time to prevent bloodshed beyond what we have already suffered.

[Question] I believe that no one in the country wants war, except the rebel groups. For the guerrilla forces, it is a matter of principle and intention. The guerrilla forces do not believe in legal ways, or otherwise they would not be in the hills. They believe that elections are a deception and that profound and real change in society can only be achieved with arms. You know that this is their belief. What purpose does it serve to discuss peace with people who do not believe in it?

[Answer] In order to answer you, I must go back a bit. When the agreement between Belisario and the guerrillas was signed, a very large gap remained—the military commanders. It is a secret to no one that they did not want a truce. While there was talk of truce, the Army was acting on its own account against the guerrillas who had agreed to it, firing on them and preventing them from living in peace in their camps. Some leaders of the M-19, for example, were attacked while they were on their way to Corinto to sign the agreement.

[Question] All of this is without a doubt true. The Army never wanted the truce. It accepted it reluctantly. But there are also strong indications that the FARC have taken advantage of it to double the number of their fronts, and in fact have violated it everywhere. And not necessarily because the Army attacked them, but for undertakings of another nature—the building of a road in Caqueta, for example.

[Answer] For 2 years after the truce was signed, the FARC respected it. No one can point a finger to claim seriously that the FARC violated the truce, although this does not mean that they did not commit errors. The verification commission appointed for the purpose was able to establish this. The only thing the FARC did was react to the aggression directed against them.

[Question] And what about the ambushes of the battalion of engineers who were building the highway in Caqueta? And the 27 soldiers killed? Can a mere highway be viewed as aggression?

[Answer] The action you are describing, which we all regret, has an explanation. The FARC were informed that the Army troops were advancing for the purpose of surrounding them. They were building the highway while carrying long-range rifles. The FARC assert that these troops were preparing to surround their camps in order to attack them by surprise, as happened in Uraba.

[Question] In other words, according to you, the FARC violated the truce there on the basis of their assumptions. But in reality the roads were being built not to surround the camps, but to provide access to isolated zones of the country. Zones in some cases controlled by the FARC, it is true.

[Answer] No. That was not the logic. This had already occurred in Uraba. While the truce was in effect, Army troops attacked an FARC camp and assassinated 22 leaders there. Thus they were not working on the basis of an assumption, but of an immediate prior experience.

### The Guerrilla Actions

[Question] What, then, is the solution, in your view?

[Answer] I believe that the Colombian people view the renewal of dialogue, the possibility of finding a peaceful path, with favor. The people do not want a war. The Colombian people know that total confrontation would mean destruction for the country. We could not rebuild Colombia for many years.

[Question] But it is difficult to go any farther along this path than Belisario Betancur did. All that remains of this is the fine desire of the government to remedy the situation peacefully, and a certain quota of unpopularity for the guerrillas because of their maximalism and stubbornness. It is simple to verify that dialogue has led neither to peace nor to the dismantling of the guerrilla forces. Why would it achieve these results now?

[Answer] We must ask ourselves what the mechanism for achieving a real peace agreement is. I would say that the first thing is to establish the will for peace and a political consensus. It is essential that this spirit be developed in the parties. But in addition, all of us Colombians must contribute to creating a new atmosphere of coexistence among the Armed Forces, the peasants, the workers and the students. To achieve this, the Armed Forces must be used exclusively for the defense of our national sovereignty and must not become involved in serving bosses and landowners, as has occurred in the past and is still occurring at present.

[Question] What do you want—that people not defend themselves? If the guerrilla groups attack every day, what good does it do for one who owns a home to have a desire for peace when an armed man has come in the window for the purpose of murdering him?

[Answer] No, this will for peace can be reciprocal and can prosper if the verification mechanisms are put to use. It is necessary to be realistic in this matter. It is not possible for the Army to go to the guerrilla camps, nor can the guerrillas demand that the Army be disbanded, either.

[Question] But there is no reason to believe that a strong and well-armed guerrilla force with an ideology which urges the seizure of power by this means will suddenly, overnight, be willing to renounce its intentions.

[Answer] This attitude of yours, which is shared by many journalists, contributes to polarization. You are not taking the actions and gestures of the armed movement into account. The general staff of the M-19 has proposed a political solution, as has the EPL and the Simon Bolivar Guerrilla Coordination Group. Why not take these statements into account?

[Answer] Because they almost always talk of peace but continue shooting nonetheless. But let us speak, if you will, of the relations between the UP and the FARC. Don't you belong to the same ideological family?

[Answer] Let us clarify one concept first of all. We are not the political branch of the FARC. This is an accusation which is made in bad faith with a view to making us a target of repression. Which does not mean that we should feel inhibited when it comes to speaking about the armed movement.

[Question] Where are Braulio Herrera and Ivan Marquez?

[Answer] They are certainly protecting themselves, so that they will not be murdered as Jaime Pardo Leal was. It would be worth the trouble for you to consult our press. We have always repudiated the terrorist attacks. We do not favor any kind of attacks. If liberals are killed, we are the first to protest.

[Question] Agreed. This is true. Just as it is also true that we protest the assassination of UP members. I want to know if your path is 100 percent legal and peaceful.

[Answer] One hundred percent legal and peaceful, yes. We have proven it—550 dead, and we have continued the struggle along this path. I believe that this demonstrates our will for peace.

[Question] There are suspicions. One of them is that the FARC, pursuing the armed path, and you, pursuing the legal path, are combining two forms of struggle in the service of the same strategy. I would like to hear your comments about this.

[Answer] From an ideological point of view, we Marxists have never preached the armed solution as the only one. On the contrary, we believe that it is an obligation to struggle for the peaceful way. The other path, the armed path, developed in Colombia as a response to attacks. Remember the invasion of Marquetalia, a peasant zone which was peaceful. The armed movement was born of that, as a response, because peasants had been assassinated.

[Question] No one doubts this. That was its origin. But now the nature of the matter may have changed, and the conduct is not defensive but offensive. Isn't the objective the seizure of power?

[Answer] I cannot speak for the FARC. Nor for the EPL or the ELN. I am a leader of the Patriotic Union. But I want to say this. Recently, the Simon Bolivar National Coordination Group issued a document proposing a peaceful solution. They are continuing to fight, but there is a desire for dialogue there. Why not take advantage of this? Why not try this way?

[Question] Is there a real potential?

[Answer] Yes, in the guerrilla forces and also among the leaders of the Liberal and Conservative Parties. In the workers' unions as well, and among the intellectuals. But it is essential to establish the desire in the Armed Forces. The Armed Forces would have to reach the conclusion that if in 30 years they have not been able to eliminate the guerrilla forces, nor have the guerrilla forces been able to eliminate them, the solution is not military, but political. War is not the solution. If it were to continue, within 7 years we would have to sit down in the ruins of the country to try to reach an agreement. Why not seek such an agreement now, before it is too late?

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#### **Various Right-Wing Groups Suspected in Recent Massacres**

33480122a Bogota *EL TIEMPO* in Spanish  
6 Apr 88 p 3A

[Article by Armando Neira: "Colombia: Times of Massacres"]

[Text] A red Daihatsu camper without license plates rolls through the dusty square in Pinalito, Meta. The driver floors it as the passengers pull out weapons, fire them into the air and shout: "Whoever votes for the communists is a dead man."

The village's 1,000 residents listen fearfully to the warning. After all, most of them at least admit to being supporters of, if not avowed activists in Patriotic Union (UP).

Nonetheless, nothing strange happens over the next 8 days. The summer just burns hotter on the zinc roofs of the rustic dwellings.

People have trooped into the town on this Sunday, 21 February, because it is market day. The only ones who are not there are the personnel at the small police station and the troops from a military garrison an hour from the town proper. They left because, according to their officers, they had to conduct some operations.

No one commented on this detail until several hours later. At 12:30 that night, when the lights around town had gone out and only a seven-kilowatt generator illuminated the cockfighting pit, the close to 200 persons who were there were taken by surprise by the shouts of a group of masked men armed with submachine-guns.

The men rushed in and began addressing several people by name. They made them lie facedown and then coldly shot them in the back of the neck.

The rest ran off in desperation. "I remember that I felt terribly scared and that the bullets were whistling by my head, but I kept on running. Maybe that saved me," says one witness.

But others remained motionless, like little David Galindo, whose only sin was to cry disconsolately. The murderers gunned him down. Away from the macabre scene other men, who said they belonged to National Socialist Workers Youth, wrote on the walls: "For being communist bastards."

The 20 masked men reported on their mission over a radiotelephone. To whom, no one knows. They left in the same campers in which they drove up. They took the highway to Vistahermosa and left behind 14 dead and 16 wounded.

#### In the City Too

The next day the headlines said that the country was appalled by the bloodbath. Loud protests were heard.

It was just like on 24 November, when three men arrived at the headquarters of Communist Youth in Medellin and killed five youths under similar circumstances. They took them to the kitchen, had them lie facedown and riddled them with bullets.

That incident had been attributed to the National Socialist Workers Movement, which also shouted at the victims: "For being communists." That massacre was more talked about in the country, however, because it was perpetrated in the heart of its second largest city.

Another reason was that although mass murders are committed on a frighteningly daily basis in the Antioquia capital, they have so far not had political overtones; instead, they have had more to do with drug trafficking.

Another urban massacre was perpetrated by elements of the MAS against several workers in Barrancabermeja, a district of Cuatro Bocas. Six men were shot on 2 February in front of their relatives.

Having struck at the peasant and student sectors, the paramilitary groups quickly set their sights on their next target: the workers.

It was 5 March. The workers at the Honduras and La Negra estates were violently awakened by the sound of rifle butts breaking doors and windows.

Once again it was 20 men from the self-styled National Socialist Workers Movement. And the crime was the same as the one described above. The still of the night was shattered by shouts, lists of names, orders to the victims to lie facedown and then the discharge of the weapons.

Twenty workers were thus awakened to die, while 10 others were seriously wounded.

The next day the banana unions and the Unitary Federation of Workers demanded that the government enforce the right to life. The president named a fact-finding committee that included the finest DAS [Administrative Department of Security] detectives to solve the crime.

The committee had not yet handed in its response to the chief executive when an even worse massacre (28 deaths) took place. A group of 50 armed men, who said they were from the Los Magnificos gang, turned a merry dance into an unprecedented slaughter in the department of Cordoba.

This is the first time that this paramilitary group has taken action in this part of the country. Previous paramilitary actions had been attributed to other organizations, as Interior Minister Cesar Gaviria reported last year.

The same goes for the National Socialist Workers Movement, whose history is brief. But the two are slowly but surely inuring the country to a period of massacres the likes of which it has not lived through since the era of violence.

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#### Outcome of Mayoral Elections Analyzed

##### Impact on Liberal Party Viewed

33480105 Bogota CROMOS in Spanish  
22 Mar 88 pp 20-21

[Article by Jorge Matiz: "What Liberal Disaster?"]

[Text] The results of the elections on 13 March have been presented to the public as a major liberal catastrophe. This is explained in particular by the impact which the loss of the mayoral posts in the two largest cities of the country had on the members of this party. This loss has been broadly explained, although not justified, in terms of the internal schism this political group has suffered. Once minds have calmed, however, it is possible to ask questions more objectively. Is it correct, in reality, to speak of a liberal defeat?

Let us look at the results.



Contrary to the reports in the daily press, especially the newspapers in Bogota, about an alleged "liberal disaster" in the elections last 13 March, the results show a political map very different from what these reports have sought to show the citizens of Colombia. It is one which shows instead an advance for the Liberal Party, and an unprecedented increase in popular attendance at the polls.

Obviously, the pain caused by the failure to elect the mayor of greater Bogota, the second most important bureaucratic post in the nation, would to some extent justify the emotional tone in the liberal dailies, which saw in the municipal elections, or "harvest," the inevitable national projection which any presidential aspiration originating in this capital would have.

Although a defeat in its own backyard is serious for the Liberal Party, its historic responsibilities will have to do not only with the conduct of its leaders, but also the treatment given the campaign of each of the two liberal hopefuls. They are faced with a conservative candidate who launched his campaign 8 years ago through the state television channels, and who has economic support estimated by his his colleagues at about 300 million pesos.

One cannot blame the liberal defeat in Bogota on the schism alone, for it was also due to the erroneous handling of the two liberal campaigns, in which the "stars" were the political leaders supporting them, and not the candidates themselves. This did not happen on the conservative side.

Nor can it be said that the defeats in Bogota and Medellin—in the latter city, the cause was a catastrophic error in electoral mechanics—constituted the point of an electoral-disaster pyramid for the liberals in Colombia.

#### Defeat or Triumph?

When CROMOS carried the headline "Colombia Continues To Be Liberal" last week, this was based on figures which show precisely that. The difference between the liberal and conservative votes for assembly seats was 1,206,337—the largest difference in recent years, particularly if we bear in mind that these were municipal elections, which normally attract fewer voters than presidential elections.

This difference might have been greater had the National Civil Registry Office not decided to include as coalitions some of the alliances between liberal groups, such as, for example, that which supported Carlos Ossa Escobar in Bogota.

It is not a defeat for the Liberal Party when it has won control of 21 of the 23 departmental assemblies, while in another, that in Caldas, it tied the Conservative Party, which did indeed suffer a veritable electoral disaster in that part of the country with the loss of its status as the majority party.

The figures, with 4.1 percent of the total number of votes remaining to be counted, further showed that Colombians prefer voting to violence, and that the country has begun to realize that changes can be brought about at the polls. For this reason, abstentions in some municipal elections came to less than 40 percent, one of the lowest levels in our political history.

The increase in the number of votes can be explained by the enthusiasm which marked the first popular election of mayors. However, the difference between the votes for municipal council members and for the mayors was relatively small.

Nor was there any "electoral catastrophe" if one examines the liberal votes in Arauca, where the liberals took the majority away from the Patriotic Union. And in other places, such as the department of Caldas, they put an end to the conservative hegemony, not only winning the mayor's post in Manizales, but also 50 percent of the seats in the departmental assembly.

#### New Trends

This did mean disaster for some regional leaders, who were swept away by the new trends in the liberal and conservative sectors which put in the mayoral posts representatives of civic bodies who have had long experience in administrative affairs and are free of political vices.

This was the case with the new mayor of Armenia, Fabio Arias, the mayor in Manizales, Kevin Angel, and the mayor of Ibagué, Armando Gutierrez Quintero. Curiously enough, all three were elected by the Liberal Party, and all three have on various occasions served as rectors of the universities in their respective departments.

While it is indeed true that they won these posts with the support not only of the Liberal Party, but also the Conservative Party, the ANAPO and even the Patriotic Union, they are representatives of this first party and held their previous departmental posts as such. Armando Gutierrez has on four occasions served as secretary of government in Ibagué as a liberal, and also as a liberal, Dr Kevin Angel was serving as the mayor of Manizales at the time of the Nevado del Ruiz tragedy.

Disaster did not befall the Liberal Party. It befell the leaders of that party who tried to perpetuate their regional power through fraudulent practices, and who believe that even today, Colombians can be led by the nose to vote for the current boss. These were leaders who, in the case of Armenia, saw no reason not to compromise with the National Latin Movement, the party established by Carlos Lehder Rivas, the man currently on trial for drug trafficking. And they did this after tearing their hair in the Congress in protest against this crime. Or again, those who used their public posts in an effort to distort the will of the citizens by transferring voters from one city to another—a practice which should



be eliminated from our electoral habits forthwith. Not only did the sectors which want renewal within the Liberal Party triumph with it, but this also allowed the consolidation of new leaders coming out of civic or human solidarity movements, leaders of the sort we need so badly at the present time.

#### UP Showing Studied

33480105 Bogota SEMANA in Spanish 22 Mar 88 p 34

[Text] And how was it, in the final analysis, for the Patriotic Union? This was one of the most confusing aspects of the 13 March electoral results. None of the writers of the editorial columns in the newspapers seemed to agree. While the editorial in *El Tiempo* on Tuesday asserted that the UP had been almost crushed, because the voters did not believe that it was any different from the FARC, Maria Jimena Duzan, in *EL ESPECTADOR*, referred to that movement as one of those which had consolidated its strength on election day.

What made the analysis so difficult? Something very simple—the coalitions into which this group had entered with numerous conservative, liberal, Galanist, civic and independent groups, for the purposes of the electoral debate. The votes for the UP slates which did not involve coalitions did not exceed 60,000, which left this party in a very poor position, with a total far below the approximately 400,000 votes cast for Jaime Pardo Leal, its presidential candidate in 1986, who was subsequently assassinated. And this total also fell far below the quarter of a million votes won in the parliamentary elections that same year.

But these 60,000 votes which the Registry Office listed in its bulletins in the Patriotic Union column were far fewer than those actually won by the movement. In fact, the 39,000 won by the slate for the Bogota Council headed by Carlos Romero were not even included, since that slate was recorded as representing a coalition.

In order to assess the veritable strength the UP achieved on 13 March, it is necessary to attempt to separate its votes out of the total shown in the column headed "Coalitions" in the Registry Office bulletins, of which there were a total of 629,000. This is no simple matter, since with a coalition slate, it is not always easy to know how many votes each name shown brought in.

But what is indeed known is the total number of votes on the slates of the coalitions in which the UP played a major role (in other words, those which included members of the UP). There were some 230,000 votes, which, when added to the 56,000 cast for the slates made up exclusively of UP members, brings the total for this group to 290,000. In the election for assembly seats in 1986, the UP and its coalitions won 277,000 votes. Another way of measuring, and perhaps a much clearer one, is to note that the Patriotic Union elected 19 deputies to the departmental assemblies on this occasion, including 15 regular members and 4 substitutes. This figure exceeds the total for the group in 1986, which came to 14 deputies, including 11 regular members and three substitutes.

This is a very important point, because it indicates what role the UP is likely to play in the Institutional Adjustment Commission. Bearing in mind that the total number of votes for the assemblies was a little more than 6,900,000 votes, then, the UP and its allies obtained 4.2 percent of the total, guaranteeing two seats on the CRI.

This 4.2 percent is slightly higher than the total obtained in 1986, which represented 4 percent, including the coalitions. The question is whether this means a triumph or a defeat for the UP. There are two ways of viewing this. It is a defeat in that a minority movement must progress rather than just remaining stable, because this means stagnation. Yet it is a triumph, because it can only be only a miracle when a movement in which about 400 militants and leaders have been killed maintains its electoral strength. One dramatic illustration in this last connection is the case of Cesar Martinez Blanco, who lost his legs last year in a grenade attack in Bucaramanga. Wearing a prosthesis and using crutches, he waged a campaign which brought him almost 18,000 votes and won him a deputy's seat in the Santander Assembly. In any case, it is clear that the UP itself is satisfied. "We won 17 mayoral posts ourselves and another 108 as a participant in coalitions. Of these 108 coalition victories, 105 were won by means of documents signed by the members in which there were clear program commitments. This is very important to us," the president of the UP, Bernardo Jaramillo Ossa, told SEMANA.

But the UP assessment of matters as satisfactory clashes directly with the reality which became obvious last week, just a few hours after the elections ended. The UP candidates who were elected are now targets in the filthy war. On Tuesday, a recently elected council member in Monteria died, and there is nothing to suggest that this was just an isolated case.

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**Panamanian Students Enter Country in Large Numbers**

32480130 San Jose LA NACION in Spanish  
23 Apr 88 p 4A

[Summary] Speaking at the opening ceremony for the development of the La Amelia Cooperative in Heredia, President Arias expressed concern about reports that

approximately 15,000 Panamanian students have registered in Costa Rican schools as a result of the unrest in their country. According to Minister of Education Francisco Antonio Pacheco, if this figure were to rise, the situation would become serious because the educational system could not absorb more than 15,000 students. On another note, many Panamanians have been observed in Ministry of Health offices seeking required health tests.

**Full MINFAR Statement on Cuito Cuanavale**  
*32000001 Havana GRANMA WEEKLY REVIEW*  
*in English 27 Mar 88 p 10*

[For earlier reporting on this statement, see the Latin America DAILY REPORT FBIS-LAT-88-053 of 18 March 1988, pp 1, 2]

[Text] There has been a substantial change in the situation in Angola. For the last three and a half months South Africa, using infantry from the UNITA counter-revolutionary organization, troops of the so-called Namibia Territorial Forces and regular units from its own army, has futilely tried to capture the town of Cuito Cuanavale, which is located west of the river of the same name in southeastern Angola. Cuito Cuanavale is 200 kilometers southeast of Menongue, located on the far left of the positions defended by Cuban troops in southern Angola. A group of Angolan brigades had retreated in November to Cuito Cuanavale, which has an airport, given the major South African escalation in October to avoid UNITA's defeat in Mavinga, approximately 150 kilometers southeast of Cuito Cuanavale.

The South Africans made ample use of infantry, tanks, long-range heavy artillery and planes. Their ultimate objective was to destroy in Cuito Cuanavale the Angolan troops that had participated in the offensive in the southeast against UNITA.

In Cuito Cuanavale there were no Cuban advisers, combat units or military personnel of any kind.

At the request of the Angolan government, in early December Cuban advisers were flown into Cuito Cuanavale for the infantry brigades of the Angolan People's Liberation Armed Forces (FAPLA), the artillery and tank units together with some personnel that specializes in artillery and tanks.

At the same time, the Cuban air force in Angola was reinforced with a group of our most experienced pilots.

In mid-January, given South Africa's constant effort to capture Cuito Cuanavale, Cuban units of armored infantry, tanks and artillery were sent there to reinforce the heroic FAPLA fighters who, with the help of a limited number of Cuban advisers and specialists, were defending the position.

From early December to today, March 17, all enemy attacks have failed in the face of the staunch Angolan-Cuban resistance.

Heavy-caliber long-range South African artillery rained down more than 20 000 155mm shells on the area of Cuito Cuanavale, but it did not shake the resistance of the defenders.

Every effort by the South African troops and their allies to capture Cuito Cuanavale has been countered with a rain of artillery fire and air strikes. Cuban-Angolan planes have played a brilliant and heroic role in the combats. The pilots have undertaken genuine feats by constantly and implacably attacking enemy columns and groupings.

Their action has been decisive.

South Africa has shattered its teeth against the iron resistance at Cuito Cuanavale, whose capture the enemy announced nearly two months ago, on January 23.

The Angolan soldiers have conducted themselves with admirable courage. They bore the brunt of the fighting since they made up the majority of the defenders.

Their forces suffered a few hundred casualties, both dead and wounded. Between December 5, when the first personnel arrived in Cuito Cuanavale, and March 17, the number of Cubans killed or wounded is 39; their families have been duly notified. Most of the casualties occurred in the last two months.

According to data taken from enemy communications and Angolan and Cuban commanders' estimates, the enemy has suffered heavy losses, including hundreds of soldiers from the so-called Namibia Territorial Forces and the regular white forces of South Africa. For the last 16 days there has been no new attempt to capture Cuito Cuanavale.

The South African racists have received an unforgettable lesson. By stopping the racist apartheid troops in their tracks, the heroic Angolan and Cuban fighters at Cuito Cuanavale have become an extraordinary symbol of the dignity of the peoples of Africa and the world.

/9738

**Production, Performance Reports for 1987**

**Violations in Economic Activities**

*32480026 Havana GRANMA in Spanish 15 Feb 88 p 2*

[Summary] Of the 67,788 legal violations found nationwide in 1987 in central state and people's government entities, 22 percent were in the Economic Planning System. The main violations uncovered by municipal inspectors' offices were poor control of basic goods and warehousing, storage of over a year's worth of goods, deficits and surpluses, inappropriate salaries to unqualified managers, technicians and workmen, an absence of required evaluations, an excess of unrevised standards, pricing violations and violations of inventory sanitation regulations. The inspectors have requested that Decree-Law No 36 be invoked against 1,680 officials and Labor Code Law No 49 against 602 workers. 105 criminal

proceedings have been prepared and 47 cases have been sent on to municipal tribunals. In addition, 135 violations related to water pollution were found in 29 legal checks of Law No 33.

#### **Cubana de Aviacion**

32480026 Havana GRANMA in Spanish 16 Feb 88 p 2

[Summary] Alfredo Suarez, secretary general of the National Trade Union of Transportation Workers [SNTT], announced, upon closing the meeting celebrating Civilian Aviation Workers' Day, that Cubana de Aviacion exceeded its 1987 plan for national and international flights. Suarez reported that the airline carried 5,000 more tourists than projected. In addition, State Security seals commemorating 20 years of service were awarded to some crew members.

#### **Data on Fires**

32480026 Havana GRANMA in Spanish 19 Feb 88 p 1

[Summary] 3,847 fires were reported in Cuba last year, of which 97.7 percent were due to negligence. According to the Interior Ministry's Office of Fire Prevention and Extinguishment [DPEI], 2,195 fires took place in homes. 428 broke out in the transportation sector, 340 in the industrial sector, 288 in the service sector and 69 in forests. The 34.68 percent of the fires in the non-residential sector reflects a "considerable increase" over the previous year. In the residential sector, however, the incidence of fires dropped.

#### **CL Annual Production Figures**

32480026 Havana GRANMA in Spanish 1 Mar 88 p 2

[Summary] According to the State Council for Technical and Material Consumption [CEATM], material consumption for 1987 fell 0.1 pesos per peso of gross production, compared to 1986. In spite of this accomplishment, however, material consumption for 1987 exceeded 1985's figure by over five centavos. The past year has been one of intense efforts to ensure economic activity in the face of convertible currency shortages. Less than 15 percent of purchases came from capitalist countries. As for the circulation of wholesale goods, 88 percent of the plan was met. 1987 was also a year devoted to making the management of material-technical supply more efficient by promoting storage over sales. [The full text of this article will appear in a future issue of JPRS REPORT: LATIN AMERICA].

#### **Enforcement of Reporting of Electrical Use**

32480027 Havana GRANMA in Spanish 3 Mar 88 p 2

[Summary] The Central Organization of Transmission and Distribution Enterprises [UETD] has informed GRANMA that notifications of service cut-offs have been sent to those entities that have not submitted a breakdown of guideline figures for electrical usage. As a result, some of these 400 state entities have hurried to complete the corresponding paperwork. Of the entities that use the most electricity, MITRANS [Ministry of Transportation] had the lowest compliance rate, i.e. 75 percent. The breakdown of guideline figures for the energy plan is very important for monitoring electrical use in the over 6,000 budgeted entities that consume 75 percent of the electricity used in the state sector. UETD stated that where electricity is cut off, production and services will not be affected.



**PNP Raps Seaga Response to Drug Allegations**  
32980162a Kingston THE DAILY GLEANER  
in English 11 Apr 88 p 31

[Article: "PNP Says Seaga's Statement Untrue, Divisive"]

[Text] Kingston, April 10, 1988—The following statement was issued today by the PNP's Shadow Minister of National Security, Mr. K.D. Knight.

Last Tuesday, the People's National Party became aware of testimony given before the US Senate's Foreign Relations Sub-Committee on Terrorism, Narcotics and International Communications, implicating Prime Minister Seaga, his "brother", and the island's Chief of Police in illegal activities including the laundering of enormous sums of money.

The PNP deliberately refrained from issuing any statement then, as we felt that the serious nature of the allegations called for a prompt response and action by the Government, and should not be used as a platform for partisan scoring of political points. A response was made by the Prime Minister on Friday night, but it is our view that various aspects of his statement were incomplete and unsatisfactory.

To begin, while Mr. Seaga stated that both major political parties are now united in their determination to eradicate this threat to our country and people from the evil of dangerous drugs, he chose to precede it with statements which were not only unnecessary, but untrue and divisive.

Among these were that his Government was "the lone voice crying out against the threat of dangerous drugs to national health and national integrity".

Another was that his Government initiated the campaign to wipe out dangerous drugs in Jamaica.

A third was that in doing so it was considered to be an act of political suicide "which would result with impact on his Government's political popularity".

It is unfortunate that Mr. Seaga had to use the opportunity to be divisive as usual. The facts are inconsistent with these claims, and it is therefore necessary to remind Mr. Seaga of the facts and to set the record straight.

Mr. Seaga chose to forget that as the government of Jamaica in the 1970s, the PNP was one of the first administrations in this hemisphere to recognize the serious nature of the effects of the drug trade on society and especially on the young people of our country.

Among the programmes we initiated and continued during our term of office were:

1. We invited the US Government through the Drug Enforcement Agency (DEA) to participate with Jamaica in a concerted effort to eradicate as well as reduce internal production, and assist in the prevention of using Jamaica as a transshipment port for illegal drugs from Central and South America, and in particular, Columbia.

2. We introduced a special programme called "Operation Buccaneer" involving participation between the US Government and the Jamaican Security Forces to search for and destroy ganja cultivation.

3. As a parallel to "Operation Buccaneer" we carried out on our own a programme of re-locating farmers who had been relying on this profitable crop, from hillside lands to more arable lands provided by the Government. We assisted these farmers with planting material, loans, and technical assistance by Agricultural Extension Officers, to bring them into the mainstream of the farming community.

In implementing this programme, which included other aspects too numerous to mention at this time, the PNP did not put itself on the balance scale of popularity. There was no question in our minds about the need for what had to be done. We believed that a Government's responsibility for the national safety, and the mental, spiritual and physical health of our people must come first and far outweighed any concern for political popularity.

It is therefore unfortunate that at this time when the office of the Prime Minister and our institutional leaders are being accused elsewhere, that Mr. Seaga chose the occasion to seek political mileage over a matter of great concern, and about which we have been consistently trying to seek national consensus.

We recall that one of the first policy statements made by Mr. Seaga after assuming office in 1980 was his instructions to commercial banks in Jamaica to accept foreign exchange however earned from whoever it came, and to welcome it "with no questions asked". This foreign exchange could well have come also from drug barons. Indeed, it is important to remember that the Seaga Government which had inherited our drug eradication programme put it on hold for over four years, and did not resume it until three years ago as Mr. Seaga acknowledged in his broadcast on Friday night. As we have said before, the resumption was prompted by pressure from the US Government which threatened to curtail aid to Jamaica if the drug eradication programme was not resumed. What a price we have paid during those years since 1981 with the introduction of cocaine, crack and heroin!

We are, of course, concerned about the threat to kidnap his son which Mr. Seaga revealed as well as the threats to his own life from the drug cartel. We, too, had similar experience, among them being a bomb which was found

by security officers in Miami in the motor car of the then Minister of National security, Mr. Eli Matalon who was responsible under the direction of Prime Minister Michael Manley for the PNP Government's drug eradication programme. We, therefore, understand the danger faced by leaders who are engaged in the war against drugs; yet we have never withdrawn our declaration of continued warfare against this evil menace and those who benefit financially from it.

We remain convinced that the fight against drugs must transcend partisan considerations, and it will only succeed if it is supported by national unity and purpose.

The testimony in Washington before the Senate Subcommittee also impels us to remind the Government of our numerous warnings of the danger of using parliamentary privilege to accuse citizens who cannot defend themselves, such as was done to the young Civil Servant Joseph Burey.

We note, too, that Mr. Seaga expressed concern about the allegations which he said were made against the incumbent Commissioner of Police. We did not, however, understand from the testimony that the witness could have been referring to the present holder of this office, bearing in mind that the witness said his last visit to Jamaica was in 1985. We wish to place on record that we have complete confidence in the integrity of the Commissioner of Police, Mr. Herman Ricketts, and to repeat the assurance of our high regard for the manner in which he has been performing his duties.

Finally, we also wish to remind the country of the allegations made from an official source in the USA

three years ago that high Government officials were involved in drug trafficking.

/12223

**Renewed Bauxite Exports to Soviet Union Hinge on Price**

32980162b Kingston *THE DAILY GLEANER*  
in English 25 Mar 88 p 1

[Article: "Soviets Taking Bauxite Again"]

[Text] Bauxite shipments from Kaiser Jamaica to the Soviet Union have now been resumed pending agreement on a new price.

The Soviets had informed the Bauxite Alumina Trading Company that their firm, RAZNO IMPORT, had been unable to get their import licence renewed and ceased taking supplies early this year.

No bauxite was taken in January or February.

Shipments were resumed in March and the shipping schedule has been accelerated so as to take the full quota by year's end.

However bauxite shipped now will be subject to the new price regime whenever negotiations are concluded.

The Soviet contract is for 1 million tons of bauxite a year until 1990 and the government is hoping to persuade the Soviets to increase their purchases by another 1 million tons.

/12223

**PRI Studies Estimate July 1988 Election Outcome**  
32480116 Mexico City PROCESO in Spanish  
No 597, 11 Apr 88 pp 6-9

[Article by Elias Chavez]

[Text] Three months away from the elections, analysts of the Institutional Revolutionary Party (PRI) have already calculated how many votes their party will win and how many the opposition will get.

According to one of the calculations, the PRI may garner just over 19.5 million votes, more than 70 percent of the actual vote and practically half of the 38 million people currently registered on the new Electoral Roll. This is too optimistic, because although Carlos Salinas de Gortari stated in Chihuahua that the enemy to overcome is not voter abstention but the opposition, the forecasters say the opposite:

"With regard to voter abstention, this phenomenon is the primary adversary." They estimate that at best, 10 million voters will stay away from the polls, that is, 27 percent of the Mexicans who are eligible to vote.

PROCESO obtained a copy of the internal PRI documents containing an analysis of "the varying degrees of citizen participation and support for the party at the national, local, and district levels. In addition, projections are made on the basis of the formation of new coalition parties, as well as an increase in the number of registered voters."

In the first document, the analysts use the results of the 1982 presidential elections as a basis for comparison. They come up with three scenarios that produce practically the same results, despite a few variations among them:

On 6 July the PRI will obtain more than 70 percent of the votes cast, and come what may, it will be assured of the maximum number of seats in the Chamber of Deputies that the new electoral legislation allows a political party: 350 seats. The other 150 will be divided among the opposition.

The ballots cast for the PRI on 6 July will be distributed, by entity and by district, in the following manner:

Proportional Representation Region 1: Federal District, 1,995,533 votes; Puebla, 1,175,945; Tlaxcala, 239,571. Subtotal: 3,411,049 votes.

Proportional Representation Region 2: Aguascalientes, 178,543 votes; Coahuila, 285,983; Chihuahua, 492,749; Durango, 321,751; Guanajuato, 659,421; Hidalgo, 529,120; Queretaro, 233,068; San Luis Potosi, 492,280; Zacatecas, 387,239. Subtotal: 3,580,154.

Proportional Representation Region 3: Campeche, 141,550 votes; Chiapas, 876,796; Nuevo Leon, 841,371; Quintana Roo, 153,974; Tabasco, 439,346; Tamaulipas, 592,913; Veracruz, 2,063,412; Yucatan, 321,692. Subtotal: 5,431,054.

Proportional Representation Region 4: Baja California, 335,912; Baja California Sur, 88,312; Colima, 174,478; Jalisco, 1,004,531; Michoacan, 680,889; Nayarit, 196,070; Sinaloa, 615,619; Sonora, 531,917. Subtotal: 3,627,728.

Proportional Representation Region 5: Guerrero, 515,789; Mexico, 2,037,689; Morelos, 372,287; Oaxaca, 769,872. Subtotal: 3,695,637 votes.

Total: 19,745,622 votes for Carlos Salinas de Gortari and the PRI candidates for the Congress of the Union.

In the second internal document of the PRI, the analysts are not as optimistic. They see the National Action Party (PAN) remaining the country's second most important electoral force, with 15.45 percent of the ballots cast. It will be followed by the Cardenas Alliance or Coalition (the name given the organizations that support Cuauhtemoc Cardenas), which will win 6.08 percent of the vote and will relegate the Mexican Socialist Party (PMS)—formerly the Unified Socialist Party of Mexico (PSUM)—to fourth place with 4.7 percent of the vote.

Fifth place will go to the Mexican Democratic Party (PDM), with 2.74 percent of the vote, while the Revolutionary Workers Party (PRT) will barely manage to maintain its registration as a political party, with just over 1.5 percent of the votes cast.

The technique employed in this second study, explain the analysts, "is quantitative in nature" and uses the results of the 1985 elections as a point of reference.

The analysts explain: "The projected results for 1988 are arrived at, in the case of new parties and coalitions, by accumulating the votes they obtained in 1985 and adding the percentage of increase in the voter registrations. In the case of the PRI, PAN, PDM, and PRT, the number of votes is increased in direct proportion to the expansion of voter registration. The above assumes that the degree of participation and party backing in 1988 will remain constant in relation to the 1985 electoral process. Consequently, the conclusions derived from this study should be accepted with due caution."

They go on to make this clarification: "There are a number of qualitative elements and other recent phenomena that suggest a change in the pattern of voting behavior among some social sectors. Suffice it to note, by way of illustration, that a presidential campaign has a certain impact on the low-income sectors and on the entire party and election apparatus. By the same token,

the effects of the economic crisis on the urban middle-class sectors are also significant. Nevertheless, this study is valid to the extent that its sole purpose is to provide a frame of reference for the 1988 elections.

On 3 of the 195 pages of this study, the figures compiled by the analysts show that the PRI has been a minority party for the last 3 years:

Although it obtained a total of 11,589,070 votes, equivalent to 65 percent of the actual ballots cast, these quantities really represent just 32.85 percent of the citizens registered to vote in 1985, a total of 35,278,369. On the other hand, the "majority party" was comprised of those who abstained: 17,447,840 citizens, representing 49.46 percent of those listed on the voter rolls. The opposition parties, in turn—the PAN, the Popular Socialist Party (PPS), the PDM, the PSUM, the Socialist Workers Party (PST), the PRT, the Authentic Party of the Mexican Revolution (PARM), the Mexican Workers Party (PMT)—along with void ballots and those cast for unregistered candidates, altogether represented just 15.13 percent of registered voters.

In view of these results from 3 years ago, the analysts reiterate their note of caution: "Regardless of the various interpretations one may have of voter abstention, it is so widespread that greater citizen participation could completely distort prevailing electoral trends. Hence the strategy pursued by all the political parties, especially the minority parties, of striving to appeal to constituents who normally remain on the sidelines of the electoral process."

"As for the PRI," they add, "this party must, in addition to retaining the same number of votes, also step up its electoral activities so that the increase in citizen participation does not alter its percentage of the total number of votes. This means that, in the coming elections, for every 10 new voters, 7 must favor the PRI."

The above implies that of the approximately 2.5 million new citizens who will go to the polls for the first time in July, 1.75 million "must favor the PRI."

After these words of caution and clarifications, the analysts make their "projection" of the results the PRI and the opposition will obtain in the next elections:

The PRI will win 65 percent of the votes cast—not 70 percent, as the first study predicts—which represents 32.85 percent of registered voters. And the PAN, the Cardenist Alliance, the PDM, the PMS, and the PRT, along with void ballots and those casts for unregistered candidates, altogether will represent 17.69 percent of registered voters. The winner, once again, will be the "abstention party," with 49.46 percent of registered voters staying away from the polls.

One of the most startling developments—if indeed these predictions hold true—is the displacement of the PMS as the second-largest opposition force. In its stead, the parties associated with the candidacy of Cuauhtemoc Cardenas will win second place in the opposition, though still lagging far behind the PAN. And the analysts sound a new warning:

"The consequences of the electoral weakness of the minority parties of the center and left cannot be considered entirely favorable by the majority, because they mean the ascendancy of the main opposition party. Regardless of the negative impact this may have on the efforts to strengthen plural representation of society, the enhancement of PAN's political strength necessarily increases the political, ideological, and of course electoral risks."

Risks aside, the authors of the study boast of the PRI's "electoral strength," and argue that not even an alliance of all the minority parties—including the PAN—would be capable "of threatening its victory in the 1988 presidential elections." To prove this, they analyze voting behavior in each of the 32 entities in the country.

According to this analysis, the state posing the greatest risk to the PRI is Chihuahua. It is followed by the Federal District, Baja California, Coahuila, Jalisco, Guanajuato, Sonora, Durango, and Michoacan. In all of them, the PAN is the main opponent. In contrast, the states where the PRI enjoys its greatest support are Quintana Roo, Campeche, Tlaxcala, Chiapas, Oaxaca, Tabasco, Hidalgo, and Zacatecas.

The PAN is the main adversary—although not always a threat—in 25 of the 32 entities. It is followed by the PST, which plays this role in Veracruz, Hidalgo, and Tabasco. The PARM is in this position in Tamaulipas, the PMS in Nayarit, the PPS in Oaxaca, and the PDM in Tlaxcala.

But despite its "electoral strength," the PRI will beat the abstention party in just 8 states: Aguascalientes, Hidalgo, Nuevo Leon, Oaxaca, Queretaro, Quintana Roo, Tlaxcala, and Zacatecas. In all other states, the abstention percentage is greater than the percentage of registered voters who will cast their ballots for the PRI.

In one part of the study, the authors analyze the 300 electoral districts in the country. Based on graphs, lists, and computer calculations, they emphasize:

"Voter abstention is one of the most serious problems in our electoral system. From this information one can conclude that the more voters abstain, the less electoral support there is for the PRI. This implies that an increase in voting will automatically boost the percentage of votes for the party. But when we look at several of the districts where this phenomenon is most serious, we see that the orientation of the new voters may be diverse. This leads us to define a strategy for encouraging people to vote that places the emphasis on those districts and



social sectors where it is most likely that the new voters will favor the party. In other words, the campaign to get out the vote must be carried out as part of a party strategy and action. Although there is a certain link between citizen participation and the PRI, these variables are not determined by a linear relationship; rather, a great number of aspects affect the behavior of the two factors. In an analysis of political sociology, we might attempt some answers to these questions."

After analyzing each electoral district, they acknowledge that of the 300, 66 are at high risk for the PRI.

In Baja California, Districts I and II of Mexicali are at risk, as is District V in Tijuana. In all of them, the PAN is the main opponent.

In Baja California Sur, District II, whose administrative center is Mulege, may also be won by the PAN.

In Chiapas, District VII, Tonala, poses a "relative risk" with the PAN.

Chihuahua, as in the 1985 elections, is one of the areas of greatest opposition. The PAN beat the PRI in four districts: III, IV, and VIII in Juarez, and I in the city of Chihuahua. Districts VII, in the capital, IX in Nuevo Casas Grandes, II in Hidalgo del Parral, and X, in Cuauhtemoc, are also at risk.

In Coahuila, Districts II, III, and IV, in Monclova, Torreon, and Piedras Negras, are considered to be at risk. The PAN is the main opposition party.

In the Federal District, it is surprising how many districts (24) have little difference between the number of votes garnered by the PRI and those won by the main opponent. The PAN, say the analysts, is the primary opposition force in all of them. Districts XXXVI, XVI, XXXII, and I have a differential of less than 5,000 votes. And of the six districts with the smallest gaps, four have the Delegation of Benito Juarez as their administrative center. The other two are in the Miguel Hidalgo and Cuauhtemoc Delegations.

In Durango, the capital is lost and the city of Lerdo, in District VI, is at risk; the PAN is the main adversary.

In Guanajuato, in the city of Leon, the PAN is in a position to beat the PRI in District II, and will lose "by a narrow margin" in Districts III and XI. The PDM is the main opponent in District I of Guanajuato and District VIII in Celaya.

In Districts IV and VII in Guerrero, with the Delegation of Acapulco as their administrative center, the PAN and the PRI are running neck and neck.

In Jalisco, nearly all of Guadalajara has districts that are at risk. In all of them, the PAN is the primary opposition party, as it is in La Barca and Zapopan. The PDM is the main opponent in Lagos de Moreno.

In Michoacan, Districts I in Morelia, V in Zamora, and VI in Uruapan show a narrow gap between the PRI and the PAN. The PDM and the PARM are the main adversaries in Apatzingan and in Zacapu, respectively.

The PAN is also the main opposition force in 14 districts of the state of Mexico. Of all of these districts, 10 are in Nezahualcoyotl, 3 in Naucalpan, and 1 in Tlalnepantla.

In Nuevo Leon, Districts I, II, and VIII of Monterrey and District IV of Guadalupe are strong supporters of the PAN.

Districts I, II, and XI of Puebla, whose administrative center is the capital city, are at risk, with the PAN being the main opposition party.

In San Luis Potosi and Sinaloa, the districts in the capital pose a risk; there is little difference between the number of votes for the PAN and those for the PRI.

The PAN is also the main adversary in Districts II, III, and V in Sonora. Their respective administrative centers are the Delegations of Hermosillo, Guaymas, and San Luis Rio Colorado, respectively.

In Tamaulipas, the PARM is the party to beat; it has majorities in Matamoros and Nuevo Laredo.

In Veracruz, Districts XVIII (Temapache), XVII (Chicontepc), VIII (Huatusco), III (Poza Rica), and XI (Veracruz) are at risk. In the first two, the PST is the main opposition party, the PDM in the third, and the PAN in the latter two.

For all of these calculations and projections, the analysts received their information from the PRI Secretariat of Electoral Action and the National System of Political-Electoral Information of the Federal Electoral Commission.

08926

## Opposition Parties Discuss IMF Report

**Government Blamed for Economic Situation**  
33480117 Caracas *EL NACIONAL* in Spanish  
25 Mar 88 p D-6

[Article by Leopoldo Linares]

[Text] "This government is plagued with indecision and the lack of consistent economic policies," stated Dr Haydee Castillo de Lopez, who belongs to the Finance Committee of the Chamber of Deputies and the National Committee of the Social Christian Party (COPEI).

This opinion was expressed by the COPEI leader with reference to the report by the International Monetary Fund, which was published exclusively by *EL NACIONAL* in yesterday's edition. In the opinion of Haydee Castillo, the government has lacked consistency in its policies. It has increased spending to spectacular levels, and has committed the country to foreign debt payments that are beyond Venezuela's real possibilities.

"Now," she added, "the government is not capable of negotiating or of making commitments. That is why I think the country will not receive the fresh money the current administration is hoping for. In general, the international financial system prefers to wait until elections have been held so that it can negotiate with the new government."

Initially, Haydee Castillo told this reporter that the current interest rate problem is rooted in the fact that there is just one kind of rate in Venezuela. In her view, there should be multiple interest rates. Nonetheless, she said that there are differing opinions on this matter. By way of example, she recalled that in the mortgage sector there is a variable system, and therefore when rates go up in general, the monthly payments of people who have taken out mortgages go up as well.

"This has created a delicate situation," she went on, "because the erosion of wages in recent years means that the majority of Venezuelans are unable to deal with additional payments of this type. For this reason, many people could even lose their homes."

In addition, Dr Castillo reported that banks are having trouble attracting deposits because of "the relatively low interest rate." This is a fact of life, in her view, because the rate of inflation is very high in this country compared to elsewhere and interest rates are rising constantly abroad. The latter attracts money to other countries.

"For all these reasons," she added, "we can say that the government is trapped between the need to attract money to the national financial system and the need to stem the flow of foreign currency to other places where interest rates are better."

In this regard, the Social Christian leader recalled that the government has been indecisive for a long time. She noted that Hernan Anzola resigned as president of the Central Bank because, among other reasons, there had been a long battle over the rise in interest rates. She also pointed out that the report published by *EL NACIONAL* was dated last October, which indicates that the government has been studying the matter for several months.

"What is needed," asserted Dr Castillo, "is for the government to decide once and for all on its financial and monetary policies. The government really has problems with its own policies."

Haydee Castillo stated that the balance of payments deficit requires a drastic restriction of spending. This deficit has emerged for two reasons: 1) the fall in oil prices, for which the current administration is not to blame, and 2) the servicing of the foreign debt, a commitment made by the government without regard for the country's payment capacity.

On the other hand, there is the problem of inflation, which Haydee Castillo believes also calls for a restriction of spending, along with a costs and prices policy which this government has not defined.

She went on to point out that the government resorted to a brutal devaluation of our currency in order to deal with its policy of increased spending. Since the government is spending more and more, she explained, it has used exchange and financial manipulations to obtain resources to cover the budget deficit.

Dr Haydee Castillo asserted that it is too late to adopt the IMF's recommendations, because this government has only a few months left in its term, which prevents it from creating the necessary conditions for confidence and investment.

**Petkoff Criticizes IMF Recommendations**  
33480117 Caracas *EL NACIONAL* in Spanish  
25 Mar 88 p D-6

[Article by Leopoldo Linares]

[Text] According to the presidential candidate for the Movement Toward Socialism, Deputy Teodoro Petkoff, we don't need the International Monetary Fund to tell us what we already know: that we need money. The important thing would be for that organization to persuade the international capital market, where it is a key player, to offer money on acceptable terms and to help developing countries reduce the enormous burden of their foreign debt. "These recommendations," stated Petkoff, referring to the report published by *EL NACIONAL*, "are classic in the International Monetary Fund. In fact, they appear in the prescriptions the IMF issues for practically all Third World countries."

When this reporter mentioned the reduction in so-called current spending recommended by the IMF, Petkoff pointed out: "Cutting spending is not an abstract recommendation, because from this (abstract) point of view it is logical, but in practice it means considerable reductions in social spending, which is where the IMF always hits. These cuts would involve laying off civil servants, which would aggravate the dual problems of economic difficulties and high unemployment in this country."

[Question] And what about interest rates?

[Answer] With regard to interest rates, it is preferable under the present circumstances to wage a battle to reduce the rate of inflation, rather than adjusting interest rates to inflation rates. It is obvious that if the interest rate is below the inflation rate, it is negative, and therefore it discourages savings and capital formation; but if we raised the interest rate to keep it in line with the inflation rate of 40 percent we had in 1987, we would see a tremendous impact on inflation, and credit would become more expensive, thereby discouraging investment. Therefore, it is much more advisable to combat inflation and thus close the gap between it and interest rates.

[Question] What do you think of the major investment Venezuela needs for its development and for overcoming the current economic difficulties?

[Answer] In this regard, the IMF should exert pressure on the international banks to loosen up the purse strings and make a few loans. In the form of fresh money, such loans could help alleviate our balance of payments problems and enable us to finance highly reproductive economic projects. We don't need the IMF to tell us what we already know: that we need money. What would be very positive, I repeat, would be for the international capital market, in which the IMF is a key player, to be sensitive both to this need of developing countries and to the need to reduce the enormous burden of their foreign debt. In the final analysis, this debt lies at the root of all our current economic difficulties, and the IMF has offered no solution other than economic genocide.

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#### **New Petroleum Product Approved for Export**

##### **Direct Competition With Coal Expected**

33480089 Caracas *EL DIARIO DE CARACAS*  
in Spanish 10 Mar 88 p 4

[Article by Rafael Palacio Deternoz]

[Text] The important announcement President Lusinchi made regarding the economy dealt with the future marketing abroad of a fuel produced with crude oil extracted in the oil-bearing Orinoco Zone; this fuel, which was developed by the national industry and is called "orimulsion", will compete directly with coal.

Lusinchi said that "the chief executive has given instructions for PDVSA [Venezuelan Petroleum, Inc] to go ahead and sell orimulsion." The chief of state said that this fuel, utilized chiefly by power plants, can be exported beginning in the second half of this year, and he estimated that some 50,000 barrels a day of the product would be marketed internationally in 1989.

PDVSA president Juan Chacin, who was present in Miraflores when Lusinchi delivered his annual message to Congress, said that in critical times, like the one the country is going through, the decision of the chief executive on the promotion of the fuel will permit us "to capture a significant portion of those foreign markets now dominated by coal."

He explained that this is not a conventional fuel that is composed of 70 percent oil and 30 percent water. "This product constitutes an important source of revenue for the country," Chacin noted, although, when he was asked how much foreign currency could be brought into the country as a result of orimulsion sales, he just said that it would be "enough."

He also reported that they are engaging in talks with CADAFE [Electrical Administration and Development Corporation] to examine the possibility of using the fuel in the Moron power plant. "If by the end of the century the product turns out as we hope it will, Venezuela will be able to export a million barrels of orimulsion a day," he added.

As for Minister of Energy and Mines Arturo Hernandez Grisanti, he said that the orimulsion fuel will not compete directly with products derived from hydrocarbons, but with coal; "it therefore constitutes a new opening for our oil industry," he pointed out.

With regard to how much money we can obtain with the marketing of the product, he said that it was "too soon" to cite figures in connection with this, although he did say that they hoped to import about 15,000 barrels a day of the product.

#### **1.5 Million Barrels per Day in Sales**

33480089 Caracas *EL DIARIO DE CARACAS*  
in Spanish 10 Mar 88 p 12

[Article by Jose Suarez Nunez]

[Text] President of LAGOVEN Renato Urdaneta says that, with the green light given PDVSA by the president of Venezuela for the marketing of Orimulsion, the company is ready to market 140,000 barrels of the new fuel a day by 1990 and could supply 1.5 million barrels a day by 1995.



Urdaneta explained that LAGOVEN and INTEVEP [Venezuelan Institute of Petroleum Technology] worked for 8 years on the patent for the new fuel, which was accepted by the governments of Great Britain and Japan last year.

As for its effects on the economy, Orimulsion could generate \$300 million in 1990, would contribute \$1.4 billion in 1993 and would come to \$2 billion in 1995. In the long-view, by the start of the new century this new fuel will have amassed \$40 billion in revenue for the country, Urdaneta said.

At the parent company and the subsidiaries they have for years been concerned over what to do with the 200 billion barrels of heavy crude oil deposited in the Orinoco Zone, which can be recovered with current exploration methods. "After much effort," Urdaneta added, "based on the technology available to us, the parent company submitted it to the president for his approval."

"We at present already have customers for the marketing of some 70,000 barrels a day in 1990. The Japanese electric power company, Chebru, needs 30,000 barrels, Nex of Sweden 10,000 barrels and the Portuguese Electric Company 20,000 barrels. Furthermore, the New Brunswick Electric Company of Canada, where the final tests are being made, is a customer for the purchase of 30,000 barrels a day and is to build a new power plant for the purpose of using Orimulsion, which will begin operation in 1995.

"Our objective," Urdaneta said, "is to compete with coal," and he stressed the point: "not with Carbozulia, since we expect to market Orimulsion only as a fuel for electric power plants and since the rest will be replaced as fuels by the energy and environmental policies of the industrialized countries.

"We aim to cover that part of the market lost by the remaining fuels with Orimulsion. We have already succeeded in developing emulsions that we inject into the same well to produce Orimulsion, which is converted into the equivalent of an API 16 grade oil, can withstand 45 days in tankers and is therefore easier to handle in power plants than coal."

The studies made by LAGOVEN have revealed a potential market of 200,000 barrels a day in 1995 in the United States, 300,000 a day in Europe and 600,000 in Asia. It will be attractively priced; the price will be equal to or less than that for coal. The customer must be offered an attractive price because he will have to make changes in his thermoelectric power plants. There will be guarantees of long-term supply with incentives for the plants.

Urdaneta said that "we have succeeded in cracking the emulsion and burning the already emulsified bitumen. It has been proven that it burns better than conventional fuels in power plants."

Through its chairman, Edgard Romero Nava, the Petroleum Board said that "his approval of the marketing of Orimulsion is a far-reaching decision on the part of the president because it will provide immediate benefits in this country and for economic revival of underdeveloped areas." The Petroleum Board backs this decision which it has supported from the start because it is a way of industrializing our hydrocarbons."

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### Orimulsion Billed as New Energy Alternative

#### OPEC Quota Exclusion Sought

33480114 Caracas EL DIARIO DE CARACAS  
in Spanish 11 Mar 88 p 11

[Text] The new fuel, Orimulsion, intended primarily for use in thermoelectric power plants, was announced in 2 minutes by President Jaime Lusinchi, but encountered long-standing obstacles before its marketing was authorized.

For the past 2 years, LAGOVEN [a PETROVEN subsidiary] has been processing several thousand barrels of Orimulsion daily in its Orinoco Strip experimental units, in cooperation with INTEVEP [Institute of Venezuelan Petroleum Technology]; but there were initial reservations among certain sectors of the industry and, later, among high level officials in the Ministry of Energy and Mines.

The Energy and Mines Ministry hailed the work done by LAGOVEN and INTEVEP, but reacted with certain reservations because, before its acceptance as a new fuel by Japan and Great Britain, it feared a strong reaction within OPEC, over its not being counted as crude, which would exclude its production from the organization's quota, just as in the case of the products.

Also, in the beginning, there was a belief in the industry that it would affect the residuals, because large volumes of residuals are produced in refineries such as Cardon, as well as Isla, in Curacao.

Nevertheless, as the different committees in the oil industry evaluated Orimulsion, there has appeared to be extensive consensus for having all operators produce it; and this was decided in principle by the PDVSA [Venezuelan Petroleum Inc] board of directors.

Orimulsion is 30 percent water and 70 percent heavy crude of approximately 10 grade API. Just as its marketing will be a challenge, and there are also controversies in OPEC over removing it from the quota assigned to Venezuela, the research to obtain the "disperser" (a chemical product) which keeps the emulsion stable over a period of time was very expensive.



The process consisted of breaking the crude mass into particles of less than a drop, which must remain in the liquid (in this case, the oil in the water), so that the logical electrical attraction will not cause them to combine again (as occurs with oil and vinegar).

INTEVEP procured the disperser, and a technician from LAGOVEN developed the device making it possible, instead of preparing the emulsion in the storage tanks after the extraction of the crude, to inject it directly into the deposit. Thus, the Orimulsion emerges from the well instead of crude.

Renato Urdaneta was precise in stating that there would be no competition with the residuals, because both the International Energy Agency and OECD [Organization for Economic Cooperation and Development], in their action against OPEC, have put forth energy policies to displace the residuals and to embark on nuclear energy or return to coal.

Urdaneta remarked: "They will be different marketing strategies." He added that PDVSA is no longer a domestic enterprise, but has become an energy corporation; and hence it should act like one.

He explained that giants such as British Petroleum are among the major marketers and owners of coal mines, noting that Exxon has the Cerrejon and Veba Oel coal mines in an association with Colombia, as well as a leading coal industry.

An attractive price will be important for its marketing. It has been mentioned unofficially (because the industry is always silent in such matters) that the price would be in the range of \$8-\$9 per barrel in order to justify the investments that will have to be made by the thermoelectric plants to use Orimulsion.

But the battle that Minister Hernandez Grisenti will have to wage in OPEC in order to sell it outside the quota has not been precluded.

#### **Product Ready for Marketing**

33480114 Caracas EL NACIONAL in Spanish  
6 Apr 88 p D-7

[Text] Orimulsion offers a new, unconventional energy alternative to consumers, claimed Vicente Llatas, director of LAGOVEN, PDVSA's branch company, which produces and deals in this fuel derived from the Orinoco Strip's bitumens.

Thus, energy planners have at their disposal another element, besides coal, hydroelectricity, fuel oil, and other petroleum by-products, as well as nuclear generated electricity. The sizable reserves, backed by resources in the Orinoco Strip, represent a virtually inexhaustible

supply given the energy situation which exists in this era; by maintaining a high production rate equivalent to approximately 200 million tons of coal, the supply could last over 300 years.

The resources from the Strip, about 20 percent of which are recoverable using the technologies available nowadays, are so abundant that they exceed any estimated use of the fossil fuels comprising today's types of energy over a period of time.

Measured in terms of an equivalent amount of coal, the Strip's reserves total 64 billion tons, approximately 12 percent of all the world reserves of coal, which number 578 billion tons.

It is not the intention of the Venezuelan oil industry to deprive coal of the space that it currently occupies in the world energy supply, but rather to take part of the new demand, the marginal tons that will be appearing. Llatas stresses this, because the anticipated increase is not for 4 or 5 years, but gradual, over a period of several generations.

"This is a project that is being handled with extreme care, from all standpoints. The world energy market is being viewed, and we anticipate about 100,000 tons per day by 1993 (which, in terms of oil, is equivalent to some 600,000 barrels per day). It is expected that there will be an increase to 160,000 or 180,000 tons by the year 2000; which would be equivalent to 1 million barrels of oil a day."

#### **Orimulsion on the International Markets**

Orimulsion is an emulsion of bitumen from the Orinoco Strip in a treated water solution, in which the small drops of oil with sizes gauged in microns, that is, thousandths of millimeters, are scattered in very thin layers of water. This size helps the emulsion to be stable, to be maintained for a long time without either changing or being decanted, allowing it to be transported and stored and, finally, burned in thermoelectric plant furnaces.

Many tests have been made in Japan, Great Britain, and other locations, in addition to those repeated for years in INTEVEP. The tests have been witnessed by over 40 thermoelectric companies of many developed nations, including the United States, Canada, Denmark, Norway, Sweden, Spain, France, Germany, Japan, Italy, Portugal, and Great Britain.

In connection with Japan, Llatas explains that they have been working with Mitsubishi, a major corporation, with tests conducted in Nagasaki. Through Mitsubishi, contacts have been established with that highly industrialized country's 10 leading electric companies, as well as with some of the main industries. Chubu and Kashima-Kito are included among the electric companies. "We think that we can sell about 14,000 tons per day in Japan.

It is a potential market that we could attain by the year 1993, starting with a smaller volume in a firm such as Chubu, which has a demonstration plant with a 5 megawatt capacity in which coal and water mixtures are tested. This plant has been established on a projectible scale of 400 megawatts, so that what is achieved there may also be done in large plants.

"All those who have tested Orimulsion claim that it is an easy fuel to work with, unlike the coal and water mixtures that usually encounter problems.

"This very year, the shipments will be leaving for Chubu, to be tested in August; and the evaluation will be made during the final months of the year. We also intend to run a large scale test in Canada, with the New Brunswick plant that has 100 megawatts, in other words, one of considerable size; to which installations and measuring instruments have been added."

#### Business With Japan

Llatas explains that Japan has very special management systems in its business dealings, and entry into its market is achieved, not through conventional traders, but rather through large corporations which take on the task of large dealers, bringing a material to their country and, from there, supplying the other companies.

In this instance, LAGOVEN is working with Mitsubishi, a world-renowned corporation with which PDVSA has had relations for some time. But Japan is important not only for its own market; it also constitutes the entrance to the entire Far East because, obviously, if Japan accepts a product such as Orimulsion, countries such as Korea, Taiwan, Singapore, and others will do so as well.

#### Ready for Production

The Orimulsion production capacity is ready. LAGOVEN is producing about 11,000 tons per day, which it reconverts into its elements. It also takes some for tests, and is prepared to supply the already anticipated market.

"We have the cheapest coal mine in the world, with extraction not done in an open cut or with galleries, but in the form of a thick liquid, enabling us to emulsify it and produce a fuel that can compete with coal."

#### Japanese Companies Interested

33480114 Caracas EL UNIVERSAL in Spanish  
2 Apr 88 Sec 2 p 1

[Text] Japan is willing to participate in the marketing of the super-heavy crude from the Orinoco Strip in the Far East, as indicated by the newspaper NIHON KEIZAI SHINBUM on the eve of President Jaime Lusinchi's visit to that country.

In an article entitled "Starting Next Year, the Venezuelan Super-Heavy Hydrocarbon Will Be Marketed, With a Japanese Firm Participating in Its Sale," the Japanese paper cites Major (international oil capital) as a source in its reference to the marketing of the product known as "Orimulsion" (Orinoco Emulsion), as it is called here in Venezuela.

The source notes that "Venezuela has the world's largest reserves of super-heavy fuel," with 267 billion barrels of proven reserves, and that "their marketing will begin in 1989."

The article adds: "Japan is willing to participate in this marketing project, and the Mitubisisyoji company will be responsible for sales on the Far East market. Moreover, the Tyubu electric company will begin the experimental use (of the fuel) this summer."

The Japanese daily paper explains that the Mitubisisyoji company will conduct experiments on the use of the Venezuelan super-heavy crude for 10 months, from August of this year until May 1989, with the cooperation of the Tyubu electric company, in order to overcome any technical problem that might arise, and plan the expansion of sales.

The aforementioned article also offers information on the location and energy potential of the Orinoco bituminous strip, as well as on the problems that Venezuela had to surmount in order to market Orimulsion.

It remarks: "The first problem was that it is an almost solid, super-heavy fuel, which must be liquefied for use; this has delayed its marketing."

It adds: "The British Petroleum 'Major' succeeded in establishing the liquefaction technology and, thanks to this technology, its export has been made possible."

As for the price, the Japanese newspaper notes that "it has not been set yet," but is expected to possibly fluctuate between \$7 and \$9 per barrel, as an FOB price.

"With regard to the sale, PETROVEN (meaning PDVSA) will be in charge of the United States and European markets, and the Mitubisisyoji company will be responsible for the Far East market in which Asia is included."

The article concludes giving a reminder that "Venezuela ranks fourth in OPEC for its daily (export) production, which amounts to 1.58 billion barrels."

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